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APR 8 - 1935
AGRICULTURAL ECONOMICS
U.S. DEPARTMENT OF

CIRCULAR No. 354 APRIL 1935
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

THE FARM REAL ESTATE SITUATION, 1933–34

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THE SITUATION IN GENERAL

Important changes in the farm real estate situation during the year 1933–34 [1] brought the first general upturn in values in more than a decade, a reduction in the frequency of distress sales, an increase in the frequency of voluntary transfers, an expansion of the farm mortgage credit facilities of the Farm Credit Administration, and the compromising, refinancing, or other adjustment of a large amount of mortgage indebtedness.

These developments can be traced in large part to the upturn in farm prices and in income from farm production and to the expanded activity of the Farm Credit Administration, together with a growing recognition on the part of mortgage holders generally that the interests of both creditors and debtors would be served best by reasonable compromising of unmanageable debts.

The index [2] of estimated value per acre of farm real estate,[3] which for the country as a whole had declined each year since the high of 170 percent of the pre-war average (1912–14=100) in 1920 to a low of 73 percent in 1933, rose 3 points to 76 for the year ended March 1, 1934. This index is based on reports from crop correspondents [4] to the Bureau of Agricultural Economics. Increases were general and significant in the Middle West and the South; the Western, Middle Atlantic, and New England States participated to a more limited extent or not at all in the increases.

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[1] The farm real estate year ordinarily covers roughly a 12-month period ending about Mar. 1. Possession of farms by lease or sale is commonly given at that time, and occupancy usually is considered as beginning on that date. Unless otherwise stated, therefore, the term "1933-34" denotes the 12-month period ended on or about Mar. 1, 1934. Most of the real estate data here used pertain to that period. Other data are available for the calendar year only. The term "1933" denotes the calendar year ended Dec. 31, 1933.

[2] Preliminary State estimates of changes in values are published annually in the May issue of Crops and Markets.

[3] The term "real estate" as used throughout this circular includes the land and buildings and other permanent improvements.

[4] In view of the small number of bona fide sales occurring in many sections of the country during recent years, a possible bias toward holding prices may exist in the estimates of value obtained in this survey. Correspondents continue frequently to mention that voluntary sales are too few to establish much of a price base. Even though the estimates may thus require confirmation by subsequent actual voluntary sales, their trend should be significant. Estimates would seem to be a prerequisite to the bids and offers out of which sale prices are made.

The low point of prices of most farm commodities was reached in late 1932 or early 1933. Since that time, prices in all groups of the Bureau index of prices received by farmers have risen, some moderately, some very considerably. The Bureau index of farm prices of grain, which reached a low of 34 in December 1932 and again in February 1933 (August 1909–July 1914=100), rose to 94 in July 1933, receded to 69 in October, fluctuated somewhat during 1934, and turned upward to 116 in December. The index of cotton and cottonseed prices, which reached a low of 37 in June 1932, rose irregularly to 110 in September 1934, then eased off to 107 in October and November, and recovered again to 109 in December. The Bureau index of fruit prices rose from 64 in February 1933 to 137 in June 1934, but by December had declined to 85, and the index of truck crops rose from 64 in August 1932 to 147 in September 1933, later declining somewhat, and again strengthening to 130 in December 1934.

Price increases for most of the livestock and livestock products were smaller than in the case of the grains and cotton. The index of prices received by farmers for meat animals rose from a low of 51 in January 1933 to 66 in June and July of that year; after some recession, it rose to 82 in September 1934, and again declined, standing at 73 in December. Prices of dairy products reached a low of 71 in March 1933, and climbed to 92 in November, and later to 107 in December 1934; and prices of chickens and eggs rose from 56 in March 1933 to 102 in November of that year and later to 125 in November 1934, falling to 119 in December.

The index of all groups of farm prices reached a low of 55 in February and March of 1933, climbed to 103 in September 1934, and declined to 101 for December. Meanwhile, the ratio of prices received by farmers to prices paid, which reached a low of 54 in June 1932 and again in February 1933, rose to 78 in July 1933, then to 82 in September 1934, after which it declined to 81[5] in October, and to 80 for November and December.[5]

Income is of even more interest to farmers than prices. Gross income from agricultural production, which in 1932 was estimated at $5,331,000,000 by the Bureau, rose to $5,985,000,000 in 1933, excluding rental and benefit payments, or to $6,256,000,000 if such payments are included, increases of 12 and 17 percent, respectively, above income in 1932. The grand total, even including benefit payments, was some $700,000,000 less than in 1931 and only slightly greater than the $6,238,000,000 estimated for 1909, but the welcome relief from a continually decreasing income has contributed in no small measure to the more wholesome tone of the farm real estate situation. Gross income from crops increased 26 percent from 1932 to 1933, while that from livestock and livestock products increased only about 2 percent, not including rental or benefit payments in either case. The greatest increases in income from a year ago measured in dollars were those from cotton and cottonseed, and vegetables.

Operating expenditures, which declined each year from 1929 to 1932, showed a slight upturn in 1933. The upturn, however, was due to increased capital outlays (purchases or repairs) on machinery and on farm buildings, there having been a continued decline in outlay for such items as feed, seed, containers, spray materials, and twine, and cost of operation of machinery.

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[5] Preliminary.

Changes in ownership of farm real estate as a result of voluntary sales were somewhat more numerous than during either of the 2 preceding years. For the United States as a whole, the average number of voluntary transfers per 1,000 farms for the year ended March 15, 1934, was 17.8, which compares with 16.8 and 16.2 for the years 1932–33 and 1931–32, respectively. The increases were quite general over most of the areas in which values turned upward, namely the Middle West and South. The Mountain States shared in the increased sales to a greater extent than in appreciation in value of farm real estate. Frequency of voluntary sales increased from 15.6 per 1,000 to 16.5 in the East North Central States, and from 13.8 to 15.5 in the West North Central States. In the South Atlantic States frequency of voluntary sales during the year under review was 17.6 as compared with 15.3 a year earlier, and in the East South Central States, the increase was from 18.9 to 19.1 and in the West South Central from 17.6 to 18.8. In the Mountain States the average rate increased from 16.8 to 17.5, but in the Pacific, New England, and Middle Atlantic States, frequency of voluntary sales was lower than during the preceding year.

Changes in ownership as a result of foreclosure of mortgages, bankruptcy, transfers to avoid foreclosures, deeding back, and other transfers of a similar nature, showed an encouraging decline, the average for the whole country being 28.0 farms per 1,000, as compared with 38.8 the preceding year and with 28.4 for the year ended March 15, 1932. The average for every geographic region showed a decline. In the New England and Middle Atlantic States, where foreclosures never reached such peaks as in some other sections, the declines were moderate, the average rate having declined from 13.2 to 12.8 per 1,000 farms in New England, and from 19.6 to 18.0 in the Middle Atlantic States. In most other sections, where the foreclosure problem was more serious, the reaction has been greater. Thus in the East North Central States, the average number of foreclosures per 1,000 farms declined from 38.3 to 27.8, and in the West North Central States from 61.5 to 44.4. In the South, too, the declines were notable. In the group of States along the Atlantic seaboard usually referred to as the South Atlantic group, foreclosures and related forced sales declined from 32.2 to 22.5 during the year, in the East South Central States from 36.4 to 24.7, and in the West South Central States, from 35.2 to 22.1. The Western States also showed an encouraging decline; the average rate for the Mountain group was only 28.7 per 1,000 farms as compared with 33.6 a year earlier, and for the Pacific States, it was 30.6 instead of 36.0.

As in the case of transfers resulting from unmanageable debt, those resulting from nonpayment of taxes showed a general decline. The average rate for the whole country was 11.1 farms per 1,000, as compared with 15.3 for the year ended March 15, 1933, and with 13.3 for the year ended March 15, 1932.

As in the case of foreclosures, the most striking declines occurred in the areas where tax sales had reached the most serious proportions.

Considered by geographic regions, the highest rates in 1933 were reported in the South Atlantic States, with a frequency of 27.3 farms per 1,000 and in the East South Central States, with 27.1 per 1,000. In these regions the frequency of tax sales during the year ended March 15, 1934, declined to 18.2 and to 20.2 per 1,000, respectively. In the West South Central States the tax sale rate for 1933–34 was 12.2, as compared with 16.0 a year earlier, and in the Mountain States it was 15.4 as compared with 19.2.

On the other hand, in the Middle Atlantic and East North Central States, where the frequency of tax sales for the year 1932–33 was only 8.7 and 5.6 farms per 1,000, respectively, the rates for the year 1933–34 were 8.2 and 4.2, respectively. The New England States as a group showed a slight increase. In the Pacific States, where tax sales for the preceding year had averaged 8.1, the average rate during the current year was 6.5. In the West North Central States the average rate fell from 10.5 to 6.5.

In calculating the frequencies of transfer by various methods, plantations and ranches have been considered as farms. The laws governing dispossession as a result either of tax delinquency or of default on debt service customarily provide a period of redemption, during which, subject to certain conditions, the former owner may redeem his property. There have been numerous changes in such laws during the last 2 years, but the effects of these changes cannot yet be fully appraised. In the case of sales and other types of forced sales, the reported sales are, therefore, not necessarily irrevocable.

The number of farmer bankruptcies, after increasing during 1932 and 1933, declined about 20 percent during the fiscal year ended June 30, 1934. The total number of farmer bankruptcies during the year ended June 30, 1934, was 4,716, which compares very favorably with the 5,917 reported a year earlier and is slightly less than the 4,849 of 2 years previous.

Not only was the decline of appreciable magnitude, but it was quite general, two-thirds of the States having reported fewer cases than a year ago.

Of a related nature are 16 cases concluded under section 12 of the Bankruptcy Act as amended March 3, 1933, 349 cases under section 75, and 45 cases under section 74. These cases are those in which the services of the debt conciliation commissioners in various parts of the country were utilized. Even including these 410 cases, the number is substantially less than a year ago.

The number of the farm population again increased, reaching a total of 32,509,000 on January 1, 1934, as compared with the previous high of 32,242,000 estimated on January 1, 1933, by the Bureau of Agricultural Economics, (*2*).[6] The rate of increase, however, was lower than during the preceding year. The movement of population from cities to farms was the smallest of any year since 1921, and the number of persons leaving farms for cities was slightly greater than a year ago, about half the average movement from 1922 through 1929. The result is a net movement from farm to cities, which is in direct contrast to the preceding 3 years during which the net movement was to farms. Under ordinary conditions the net movement of population from farm to city or vice versa may be taken as one criterion of the prospects of the farm versus the city as a place to earn a livelihood. This is probably still true, except that the evidence is less clear because many of those making such a change in recent years have been wholly or partially on relief, and the relative ease of obtaining relief, either directly or through part-time or subsistence farms, tends to cloud the picture.

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[6] Italic figures in parentheses refer to Literature Cited, p. 44.

The credit aspects of the farm real estate situation have undergone very marked changes during the year and may be credited with a generous share of the responsibility for the improved aspects of the situation.

As indicated in last year's report (*3*), new advances of funds on farm real estate security continued to decline throughout the first half of 1933. The investment of 25 leading life insurance companies averaged approximately $600,000 per week during the first 8 months of 1933, as compared with an average of $900,000 during 1932, with $2,000,000 during 1931, and with $3,000,000 during the years 1928–30; and new loans constituted less than 10 percent of the total loan contracts written by mortgage bankers during 1932. During the first 5 months of 1933, the average amount of loans closed by the 12 Federal land banks was about $2,900,000 per month, as compared with an average of about $2,300,000 in 1932. The Farm Credit Administration, created by an Executive order of the President, effective May 27, 1933, consolidated within one organization the powers and functions of all Federal agencies dealing primarily with agricultural credit. Following this consolidation, the farm-mortgage loans closed by the Federal land banks increased from $3,137,549 in May 1933 to $9,266,637 in September, and to $61,426,303 in December (*6*). Thus for the calendar year 1933, a total of $151,634,111 of loans was closed by the Federal land banks, as compared with $27,569,800 for the previous year. Loans by the Land Bank Commissioner, an officer of the Farm Credit Administration, began under the Emergency Farm Mortgage Act of 1933 in May. Loans to the extent of $40,100 were closed in that month. Loans from this source increased rapidly, reaching $3,839,253 in September and $36,665,204, or a little over one-half of the volume of loans closed by the land banks, in December. The total for the 8 months was $70,812,112.

The proceeds of the loans closed both by the land banks and by the Land Bank Commissioner were used principally to refinance existing indebtedness. Of the loans closed by the land banks, approximately 86.8 percent were used for this purpose, and of those closed by the Commissioner, 92 percent were so used, (*6*).[7]

In addition to the refinancing activities of the Federal land banks which have been helpful to those not at the time indebted to the banks, there have been the additional activities of a reduction of interest rates, the granting of numerous extensions, and the suspension of principal payments on loans in good standing. These activities have been of material aid to those already in debt to the land banks.

Under the provisions of the Emergency Farm Mortgage Act the rate of interest payable on mortgage loans made through national farm-loan associations or through agents of the Federal land banks, or purchased from joint stock land banks, which were outstanding on May 12, 1933, and on all loans made through national farm-loan associations prior to May 12, 1935, shall not exceed 4½ percent per annum for those installments payable during the 5 years beginning July 11, 1933. Interest on direct loans by the Federal land banks shall not exceed 5 percent during the same period. The United States Treasury compensates the banks for these reductions.

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[7] The following footnote is based on those below the tables in the report of the Farm Credit Administration upon which the above statements are based: "These data are derived not from the total number of loans, but from a substantial sample, because it has been impracticable to obtain certificates showing the exact distribution of loan proceeds until some time after the loans are closed. Loans closed by Federal land banks from June 1 through Nov. 30, 1933, and loans closed by the Land Bank Commissioner from May 12, through Nov. 30, 1933, were used as a basis for these tables."

The land banks have also made extensions and arranged new schedules of amortization when circumstances justified the action. As of December 31, 1933, the 12 banks had deferred principal payments in the amount of $2,467,508, and had in force 98,767 extensions, amounting to $34,332,070 (*6*).

A further measure of assistance to farmers consisted in the suspension of payments on principal during the 5 years ending July 11, 1938, for borrowers not in default with respect to any other covenant of their mortgages. This arrangement was provided for by the Emergency Farm Mortgage Act.

The activities of the Farm Credit Administration have thus exercised a very definite influence on the farm real estate situation during the year, resulting in the refinancing, extension, and reduction of a large amount of burdensome debt, and have helped a large number of farmers to retain their farms when they might otherwise have lost them. In addition, these activities have removed part of the pressure for liquidation that has hung so heavily on farm real estate during recent years.

FARM REAL ESTATE VALUES

VALUES TURN UPWARD IN MOST STATES

For the country as a whole, farm real estate values increased from 73 to 76 percent of the pre-war average during the year ended March 1, 1934, as indicated by the index prepared by the Bureau of Agricultural Economics. The year just past is the first since 1920 that there has been a general upturn in values in the principal agricultural sections (table 1 and fig. 1).

Reports from correspondents indicated that there has been a significant change of opinion concerning land values during the past year.

The factors most frequently mentioned by correspondents as contributing to this change in opinion were the increasing prices of agricultural products, the increased credit facilities of the Farm Credit Administration, and the Agricultural Adjustment Administration program. As a result of the improved agricultural prices, the increases in farm incomes, though still leaving much to be desired in many regions, were sufficient to alleviate in some degree the pessimism that has saturated the real estate situation in recent years.

Reports from dealer correspondents indicate a considerable increase in the number of inquiries concerning lands for sale, particularly in the Middle West, and certain parts of the South and West, and although many of the inquirers frequently have insufficient funds to make their demands effective, nevertheless, the inquiries have evidently helped to give the market a more optimistic turn, with the result that the asking prices for farms listed for sale have advanced.

It is reported that among those seeking lands who have means with which to satisfy a sales contract there are some who formerly held mortgages that have been refinanced by the Farm Credit Administration. Having liquidated their previous investment, they are seeking a place to reinvest their capital.

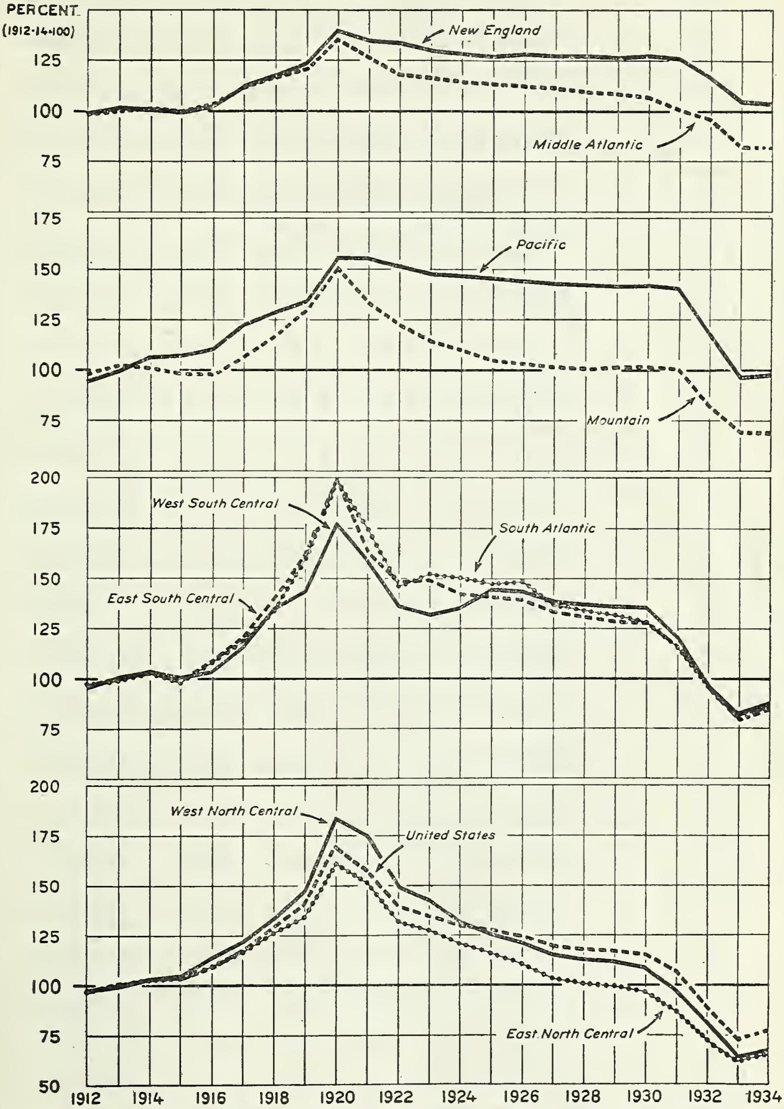

FIGURE 1.—FARM REAL ESTATE: INDEX NUMBERS OF ESTIMATED VALUE PER ACRE AS OF MARCH 1, BY GEOGRAPHIC DIVISIONS, 1912–34.

Higher prices, increased income, and extensive refinancing of burdensome debt encouraged correspondents of the United States Department of Agriculture to report higher values than a year ago in most areas. For the United States as a whole, the index rose from 73 to 76. The greatest increases occurred in parts of the South and of the Middle West.

TABLE 1.—*Farm real estate: Index numbers of estimated value per acre, by geographic divisions and States, 1912–34* [1]

[1912–14=100 percent]

Geographic division and State	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	Net change over 1933 [2]	
																									Per ct.
United States	97	100	103	103	108	117	129	140	170	157	139	135	130	127	124	119	117	116	115	106	89	73	76	+3	+4
Geographic divisions:																									
New England	99	101	100	99	102	112	117	123	140	135	134	130	128	127	128	127	127	126	127	126	116	105	104	−1	−1
Middle Atlantic	98	100	102	100	104	112	117	121	136	127	118	116	114	114	113	111	110	109	106	101	96	82	82	0	0
East North Central	97	100	103	104	110	116	127	135	161	151	132	128	121	116	111	104	101	100	96	87	73	62	65	+3	+5
West North Central	97	100	103	105	114	122	134	147	184	174	150	142	132	126	121	115	113	112	109	97	81	64	67	+3	+5
South Atlantic	98	100	103	98	108	119	135	161	198	174	146	152	151	148	149	137	134	132	128	116	96	80	86	+6	+8
East South Central	97	100	103	99	109	120	140	162	199	163	149	149	142	141	139	133	130	129	128	117	97	79	85	+6	+8
West South Central	96	100	104	100	103	116	134	143	177	159	136	132	136	144	144	139	137	136	136	121	97	82	88	+6	+7
Mountain	98	102	100	98	98	106	117	130	151	133	122	115	110	105	103	101	101	101	102	100	82	69	69	0	0
Pacific	94	99	106	107	111	122	129	134	156	155	151	148	147	146	144	143	142	142	142	140	118	96	97	+1	+1
New England:																									
Maine	100	102	98	96	98	110	115	124	142	132	127	129	127	124	126	124	124	122	124	123	111	94	94	0	0
New Hampshire	97	101	102	101	98	103	111	116	129	123	126	111	109	111	113	112	112	111	111	110	102	92	91	−1	−1
Vermont	101	101	98	104	115	127	133	136	150	150	145	134	130	125	126	125	123	123	123	121	112	101	100	−1	−1
Massachusetts	98	100	102	98	100	110	114	119	140	134	134	132	131	132	134	131	131	131	131	130	120	112	112	0	0
Rhode Island	100	101	100	102	106	112	118	123	130	130	127	124	126	128	130	133	134	134	134	133	126	118	118	0	0
Connecticut	98	100	102	100	102	110	116	121	137	134	140	137	140	137	137	138	139	139	140	140	133	124	123	−1	−1
Middle Atlantic:																									
New York	98	100	102	100	103	109	115	118	133	123	116	115	112	111	109	108	106	105	103	96	92	82	82	0	0
New Jersey	98	100	102	100	102	111	115	119	130	130	121	115	120	124	129	128	127	127	125	123	118	110	111	+1	+1
Pennsylvania	98	100	102	100	105	114	119	124	140	131	120	118	116	114	114	112	111	110	107	101	96	78	78	0	0
East North Central:																									
Ohio	93	100	102	107	113	119	131	135	159	134	124	122	118	110	105	99	96	94	90	82	70	59	63	+4	+7
Indiana	97	100	103	102	110	116	128	135	161	148	120	116	108	102	95	87	84	83	80	72	60	53	56	+3	+6
Illinois	97	100	103	102	105	111	119	130	160	153	126	123	116	115	109	99	96	95	91	80	66	54	59	+5	+9
Michigan	98	99	103	105	111	120	134	137	154	152	148	145	138	133	129	127	125	124	121	115	97	80	82	+2	+2
Wisconsin	97	100	103	104	117	124	133	143	171	168	154	147	139	130	125	122	120	119	117	104	91	80	80	0	0
West North Central:																									
Minnesota	95	100	105	107	122	138	155	167	213	212	187	177	170	159	155	145	140	138	133	116	98	79	83	+4	+5
Iowa	96	99	104	112	128	134	145	160	213	197	162	156	143	136	130	121	117	116	113	98	80	58	63	+5	+9
Missouri	97	100	103	102	108	115	125	137	167	156	133	127	117	112	104	99	96	95	92	79	67	55	57	+2	+4
North Dakota	97	100	103	103	112	118	124	130	145	141	136	128	114	109	105	100	99	98	95	85	73	66	68	+2	+3
South Dakota	96	101	103	101	108	116	126	145	181	173	146	126	117	115	107	97	96	95	93	83	67	55	55	0	0
Nebraska	98	100	102	101	104	110	127	145	179	166	144	139	128	123	123	119	117	116	113	106	90	69	72	+3	+4
Kansas	101	99	99	103	109	115	122	132	151	149	130	127	118	115	113	113	113	113	113	103	89	70	72	+2	+3

TABLE 1.—*Farm real estate: Index numbers of estimated value per acre, by geographic divisions and States, 1912–34* [1]—Continued

South Atlantic:																									
Delaware	100	101	99	100	105	115	124	129	139	129	119	119	107	112	114	111	111	111	111	107	95	80	80	0	0
Maryland	97	100	103	104	109	118	129	136	166	146	141	136	133	131	130	126	124	123	123	120	106	90	90	0	0
Virginia	97	100	103	97	117	125	142	167	189	180	157	170	162	154	148	138	137	136	134	117	99	88	91	+3	+3
West Virginia	97	100	103	101	104	112	122	135	154	141	125	127	125	120	116	110	109	108	105	98	81	74	78	+4	+5
North Carolina	97	99	104	102	114	130	152	176	223	196	166	195	192	187	185	178	172	165	158	135	114	86	95	+9	+10
South Carolina	101	98	101	94	98	107	122	162	230	186	126	128	136	138	128	113	110	110	104	90	73	57	63	+6	+11
Georgia	98	101	101	94	105	116	131	172	217	172	136	125	123	116	112	104	102	101	100	90	70	57	63	+6	+11
Florida	96	99	105	97	103	109	126	143	178	176	157	155	163	172	223	183	176	174	172	166	141	121	126	+5	+4
East South Central:																									
Kentucky	97	100	103	100	111	127	146	170	200	172	151	147	141	140	139	134	130	129	127	115	97	80	81	+1	+1
Tennessee	96	100	104	100	110	121	145	168	200	169	154	158	148	137	134	130	127	125	123	114	96	79	84	+5	+6
Alabama	98	98	103	98	98	103	128	143	177	147	135	143	144	154	154	145	145	143	143	129	102	88	99	+11	+12
Mississippi	97	102	102	97	111	121	131	155	218	150	148	143	134	136	134	126	123	122	122	112	92	73	82	+9	+12
West South Central:																									
Arkansas	98	101	101	95	109	129	149	169	222	186	174	170	160	160	153	150	147	145	141	118	104	80	86	+6	+8
Louisiana	99	102	99	95	106	112	143	157	198	163	140	144	137	141	143	135	132	132	132	121	103	89	96	+7	+8
Oklahoma	98	101	101	95	104	114	130	140	166	160	139	133	125	131	130	128	127	127	127	116	94	76	83	+7	+9
Texas	95	100	105	103	103	115	133	141	174	156	133	128	137	146	146	141	139	138	138	122	96	83	88	+5	+6
Mountain:																									
Montana	97	100	103	100	94	100	106	114	126	105	96	87	81	75	72	70	71	72	72	70	58	48	48	0	0
Idaho	100	101	99	96	99	114	130	146	172	162	136	133	129	123	119	117	116	116	116	114	96	76	77	+1	+1
Wyoming	97	103	100	103	94	97	121	147	176	146	134	121	112	100	95	94	95	96	98	95	77	62	62	0	0
Colorado	98	103	98	93	102	107	110	118	141	132	123	113	98	92	89	82	82	82	83	81	65	54	54	0	0
New Mexico	100	104	96	100	96	111	118	127	144	125	115	110	110	108	106	108	108	109	110	109	89	75	76	+1	+1
Arizona	95	100	105	97	95	105	125	140	165	148	135	124	128	121	125	123	122	123	123	123	104	90	90	0	0
Utah	100	102	98	98	104	117	122	144	167	137	133	133	131	130	129	128	127	127	126	122	98	83	84	+1	+1
Nevada	96	100	103	102	99	96	103	117	135	123	119	112	108	102	99	99	99	99	99	97	78	65	65	0	0
Pacific:																									
Washington	98	100	103	100	102	112	118	122	140	132	124	117	115	113	112	111	110	110	110	108	91	74	73	−1	−1
Oregon	97	100	103	99	100	104	112	118	130	130	122	115	113	110	107	106	106	106	107	106	88	72	72	0	0
California	93	99	108	111	116	130	136	142	167	168	166	165	164	164	163	162	161	160	160	158	133	109	110	+1	+1

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[1] All farm land with improvements as of Mar. 1. Owing to rounding of figures, 1912–14 will not always equal exactly 100 percent.
[2] Minus (−) denotes decrease.

Another source of demand arises from renters. This demand probably arises out of the scarcity of farm land for rent and the prospect of higher prices, as well as from the customary aspiration of the renter to become an owner. Most renters are able to make only small cash payments because of the low prices of recent years; consequently they require liberal terms, with payments extended over a considerable period. Reports indicate that this type of buyer is one of the most important among those who are active farmers.

The greatest increases in farm real estate values, considered either as relative to a year ago or in terms of the index, were reported from the Southern States, where cotton provides a major share of the income. The South Atlantic States as a group averaged an 8-percent increase over the value a year ago, the East South Central States also averaged 8 percent, and the West South Central averaged a 7-percent increase in value per acre. There was considerable variation from State to State. For example, in the South Atlantic group the greatest increases in value over those of a year ago, 11 percent, were reported by South Carolina and Georgia, with North Carolina reporting a 10-percent increase, whereas values apparently held practically constant in Maryland and Delaware. Virginia, West Virginia, and Florida reported moderate increases.

Of the South Central States, Alabama and Mississippi reported increases in farm real estate values of 12 percent; Oklahoma an increase of 9 percent; Arkansas and Louisiana, 8 percent each; Tennessee and Texas, 6 percent; and Kentucky only about 1 percent.

Values in each of the North Central States, with two exceptions, showed a definite upturn. In those two States, South Dakota and Wisconsin, values apparently held about constant, whereas Michigan reported a 2-percent increase; North Dakota and Kansas, 3 percent each; Missouri and Nebraska, 4 percent each; Minnesota, 5 percent; Indiana, 6 percent; Ohio, 7 percent; and Illinois and Iowa, 9 percent each. Both the latter States, it will be recalled, showed large decreases during the previous year, Illinois a decrease of 18 percent, and Iowa a decrease of 28 percent.

In the New England and Middle Atlantic States changes were slight, Maine, Massachusetts, Rhode Island, New York, and Pennsylvania showing no change, New Jersey an increase of 1 percent, and New Hampshire, Vermont, and Connecticut showing decreases of 1 percent.

The Mountain and Pacific States generally showed only small changes. In Washington values appear to have declined perhaps 1 percent; in Montana, Wyoming, Colorado, Arizona, Nevada, and Oregon they held constant; and in Idaho, New Mexico, Utah, and California they appear to have increased about 1 percent.

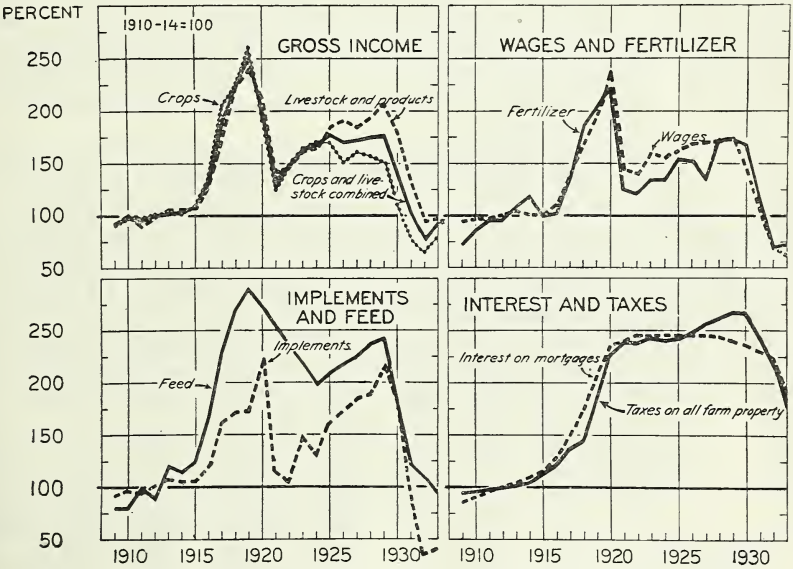
It is thus in those States that produce the great agricultural staples—corn, wheat, and cotton—that the most pronounced increases in value of farm real estate have occurred.

The data referred to relate to the farm real estate year ended March 1, 1934, the date of the last farm real estate survey. Since that date the upturn in farm real estate values appears to have continued.

The Farm Credit Administration, for example, announced that the average price per acre received by the 12 land banks for farm real estate sold between January 1 and September 30, 1934, was $20.01, as compared with an average of $16.65 for the corresponding period of the preceding year,[8] and that the average price per acre received by the Federal Land Bank of St. Paul during the first 9 months of 1934 was nearly $27 per acre, as compared with $23.50 during the corresponding period in 1933.[9]

INCREASED INCOME ENCOURAGES UPTURN IN VALUES

Gross income from farm production in 1933 for the United States was estimated (*5*) at $6,256,000,000, almost a billion dollars more than in 1932, somewhat more than half of the average for the period 1924–29, but approximately one-half billion dollars below the 1910–14 level. The 1933 estimate was approximately 92.5 percent of the 1910–14 average, in contrast to the 25-year low of 1932, when income was only 78.9 percent of the 5-year pre-war average (table 2 and fig. 2). The increase in gross income was due largely to benefit payments and to price increases. The rental and benefit payments in 1933 amounted to $271,000,000, accounting for 4.3 percent of the gross income and for 29.3 percent of the increase in income over 1932. The volume of physical production decreased about 2 percent, while the Bureau index of prices received by farmers increased nearly 8 percent.



*INCLUDES INCOME FROM RENTAL AND BENEFIT PAYMENTS

FIGURE 2.—GROSS FARM INCOME AND SELECTED EXPENDITURES, 1909–33.

Higher prices for important crops brought a distinctly higher income to agriculture than during the previous year. Including rental and benefit payments on crops, gross income in 1933 was greater than in 1932 by $925,000,000 or 17 percent, but was still far below that of the 1922–29 period. Total operating expenditures increased somewhat also, but not to the same extent as income, whereas taxes and interest payable declined further.

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[8] [United States] Farm Credit Administration. farms sell at higher prices. Press Service 6–61, Nov. 15, 1934. [Mimeographed.]

[9] Farm Credit Administration. nelson notes optimism in seventh district. Dec. 5, 1934. [Mimeographed.]

TABLE 2.—*Gross income from farm production of the calendar years, 1909–33*

Year [1]	Gross income	Year [1]	Gross income	Year [1]	Gross income	Year [1]	Gross income
	Million dollars		*Million dollars*		*Million dollars*		*Million dollars*
1909	6, 238	1916	8, 914	1922	9, 944	1928	11, 741
1910	6, 643	1917	12, 832	1923	11, 041	1929	11, 941
1911	6, 372	1918	15, 101	1924	11, 337	1930	9, 454
1912	6, 784	1919	16, 935	1925	11, 968	1931	6, 968
1913	6, 975	1920	13, 566	1926	11, 480	1932	5, 331
1914	7, 028	1921	8, 927	1927	11, 616	1933	[2] 6, 256
1915	7, 395						

[1] Crop year for crops; calendar year for livestock and livestock products.

[2] Preliminary. Estimate for 1933 includes $271,000,000 received from rental and benefit payments.

Income from farm production in the United States, 1932 (*5*).

The directions of movements in prices and production in 1934 were for the most part continuations of those begun in 1932 and 1933. The total volume of agricultural production declined an additional 4 percent from 1933, reaching the lowest level since 1922. This reduction was due largely to the low levels reached in cotton, chiefly as a result of the adjustment program, and in grains principally as a result of the drought. The Bureau index of prices received by farmers in 1934 increased 28.6 percent over that for 1933 and 38.5 percent over that for 1932.

Gross income from both crops and livestock was greater than a year ago, but the relative increase in the case of crops was considerably greater than in the case of livestock (table 3). The income from crops increased 26 percent over that of the previous year; including benefit payments the increase was 37 percent. The increase was sufficient to raise the income from crops almost 5 percent above the 1931 level, or to more than 14 percent above if benefit payments are included. The income from each of the various individual classes of crops was in excess of that in 1932, while incomes from grains, vegetables, sugar crops, cotton and cottonseed, and tobacco were in excess of 1931.

TABLE 3.—*Gross income from farm production by groups of commodities, 1929–33*

Source of income	1929	1930	1931	1932	1933
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
Crops:					
Grains	1, 297	806	488	450	506
Fruits and nuts	707	567	457	325	376
Vegetables	1, 130	934	726	609	747
Sugar crops	83	94	69	69	81
Cotton and cottonseed	1, 389	751	528	464	684
Tobacco	286	212	130	107	179
Other crops	542	454	348	264	301
Total	5, 434	3, 818	2, 746	2, 288	2, 874
Livestock and livestock products:					
Cattle and calves	1, 111	951	681	499	489
Hogs	1, 531	1, 361	930	548	619
Sheep and wool	262	204	158	106	153
Poultry and eggs	1, 241	1, 059	816	609	560
Dairy products	2, 323	2, 031	1, 614	1, 260	1, 263
Other	39	30	23	21	27
Total	6, 507	5, 636	4, 222	3, 043	3, 111
Total crops and livestock	11, 941	9, 454	6, 968	5, 331	5, 985
Rental and benefit payments on crops					271
Grand total					6, 256

Income from farm production in the United States (*5*).

As contrasted with income from crops, the income from livestock and livestock products was but 2 percent above the 1932 level, and 26 percent below that of 1931. The income from cattle and calves, and poultry and eggs, was lower than that in 1932; the income from dairy products was substantially the same; that from sheep and wool increased; in not a single major livestock group did the income equal its 1931 level. The greatest advance occurred in the case of hogs, the income from which increased 13 percent over that in 1932. This is a direct reversal of the movements from 1929 to 1932, when average losses on crops, led by grains, were greater than those on livestock and livestock products.

The close relationship between the course of gross income from the various commodity groups and their prices is evident from tables 4 and 5. The former presents the Bureau index of prices received by farmers for 7 groups of commodities and for all groups, and the latter shows the prices of principal individual commodities relative to the pre-war period August 1909–July 1914. The higher indexes for the grains and cotton explain in a large part the greater gross income received from these products. The slight increases in income from livestock and livestock products were largely due to increased marketings since the prices of these commodities as a whole underwent further declines. The trend of prices of farm products and its relation to other important series are presented in figures 3 and 4.

TABLE 4.—*General trend of prices and purchasing power for specified years and by months, January 1933 to December 1934* [1]

Year and month	Index numbers of farm prices (August 1909–July 1914=100)								Ratio of prices received to prices paid [2]	Wholesale prices, all commodities (U. S. Bureau of Labor Statistics) 1910–14=100
	Grains	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	Cotton and cottonseed	All groups		
1910	104	101	--------	103	99	104	113	102	104	103
1915	120	82	--------	104	103	101	77	98	93	102
1920	232	191	--------	174	198	223	248	211	105	225
1925	157	172	153	140	153	163	177	156	99	151
1926	131	138	143	147	152	159	122	145	94	146
1927	128	144	121	140	155	144	128	139	91	139
1928	130	176	159	151	158	153	152	149	96	141
1929	120	141	149	156	157	162	144	146	95	139
1930	100	162	140	133	137	129	102	126	87	126
1931	63	98	117	92	108	100	63	87	70	107
1932	44	82	102	63	83	82	47	65	61	95
1933	62	74	104	60	82	75	64	70	64	96
1933:										
January	35	70	91	51	81	95	45	60	59	89
February	34	64	96	53	74	60	44	55	54	87
March	36	65	92	56	71	56	48	55	55	88
April	47	69	74	57	72	58	49	58	57	88
May	63	74	89	65	78	65	65	68	67	92
June	63	86	111	66	80	58	69	71	69	95
July	94	81	102	66	88	69	84	83	78	101
August	81	74	95	64	85	69	71	79	71	102
September	78	78	147	62	89	78	69	80	69	103
October	69	77	123	64	91	93	71	78	67	104
November	75	70	127	59	92	102	76	80	69	104
December	73	74	114	52	88	94	77	78	67	103
1934:										
January	76	86	102	55	84	82	82	77	66	105
February	79	87	101	65	92	78	93	83	70	107
March	79	97	79	66	95	74	94	84	70	108
April	77	96	98	64	91	72	94	82	68	107
May	78	110	89	64	91	72	90	82	68	108
June	89	137	80	64	93	72	94	86	71	109
July	91	113	102	66	94	76	99	87	71	109
August	106	101	108	68	97	86	107	96	77	112
September	112	93	133	82	99	104	110	103	82	113
October	109	98	110	74	100	108	107	102	[3] 81	112
November	109	94	107	72	105	125	107	101	[3] 80	112
December	116	85	130	73	107	119	109	101	[3] 80	112

[1] Revised.

[2] The value of a unit of the farmers' product at farm prices in exchange for commodities bought by farmers for use in both production and living, at retail prices, as compared with pre-war values.

[3] Preliminary.

TABLE 5.—*General trend of prices of individual products for selected years and by months, January 1933 to December 1934*

[Relative farm prices (August 1909–July 1914=100)]

Year and month	Meat animals				Dairy products		Chickens and eggs		Grains			Cotton and cottonseeds		Fruits		Miscellaneous				
	Cattle	Calves	Hogs	Lambs	Milk, wholesale	Butterfat	Chickens	Eggs	Wheat	Corn	Oats	Cotton	Cottonseed	Apples	Oranges	Potatoes	Sweetpotatoes	Hay	Tobacco	Wool
1910	92	95	113	109	97	102	103	105	110	96	102	113	114	102	102	77	88	95	90	118
1915	115	113	91	118	104	100	103	101	127	112	113	73	112	77	113	76	97	88	82	128
1920	163	175	180	203	192	213	226	222	249	220	196	250	235	204	235	353	196	177	201	216
1925	119	131	152	209	143	161	178	157	171	156	112	179	159	154	264	163	195	106	174	224
1926	124	143	163	197	140	159	192	147	153	109	97	122	124	127	190	266	178	110	179	188
1927	138	151	134	194	141	169	178	131	136	123	113	128	130	129	210	190	130	101	173	176
1928	175	174	121	206	143	175	186	141	128	139	123	150	171	152	285	119	128	90	188	205
1929	176	180	131	203	143	171	196	149	116	136	111	143	159	145	139	135	135	97	190	178
1930	144	147	122	140	128	133	162	117	92	121	95	100	119	139	271	178	132	95	142	120
1931	102	104	82	98	99	97	136	87	55	78	64	61	77	98	121	104	106	82	101	81
1932	78	74	48	75	74	69	102	74	44	44	46	47	44	73	100	62	65	63	100	55
1933	68	68	49	81	73	71	83	71	66	57	62	65	56	79	76	95	68	57	114	102
1933:																				
Jan	63	61	37	70	70	72	82	100	37	30	34	45	40	68	86	54	48	51	102	51
Feb	64	70	41	71	65	60	82	51	37	30	33	44	40	69	71	53	50	50	66	50
Mar	66	68	45	73	61	57	80	47	39	32	34	49	42	73	62	56	53	50	61	51
Apr	68	65	44	24	60	63	86	48	51	44	43	49	46	82	59	61	57	52	58	57
May	76	67	54	80	64	77	91	55	67	61	54	66	55	88	57	63	64	54	55	101
June	78	67	55	88	68	75	88	47	66	63	58	70	59	92	73	71	65	54	64	121
July	76	68	55	89	74	87	91	61	98	86	98	85	75	90	84	140	77	59	244	127
Aug	73	70	52	90	78	70	86	62	85	76	81	71	71	78	84	188	106	63	124	128
Sept	69	73	52	87	82	75	83	76	80	72	81	71	55	76	101	145	87	63	124	131
Oct	67	72	58	85	84	76	82	97	72	60	70	73	57	73	101	107	72	64	147	134
Nov	64	69	51	84	84	78	77	112	80	63	79	77	62	76	68	99	64	65	190	135
Dec	60	62	40	84	83	68	75	100	76	65	79	77	70	83	69	100	69	65	156	137
1934:																				
Jan	64	66	42	94	80	61	82	82	79	68	81	83	74	93	90	111	77	66	105	140
Feb	70	74	54	112	83	82	89	73	81	71	85	94	86	101	80	126	83	68	103	144
Mar	73	73	54	116	84	89	94	67	80	73	85	94	95	108	91	132	89	70	83	153
Apr	75	71	48	116	82	80	97	63	78	73	82	94	99	113	80	120	92	72	79	149
May	79	72	44	118	81	82	98	62	79	76	82	89	101	118	121	106	94	75	71	133
June	77	67	49	109	82	84	98	61	89	87	97	94	99	127	206	92	99	82	119	124
July	75	66	55	96	84	84	103	66	89	92	102	99	101	105	154	96	99	86	231	122
Aug	71	67	64	86	85	92	100	80	101	113	115	106	116	85	157	98	111	105	232	116
Sept	81	77	84	83	88	91	111	102	104	121	126	106	143	86	140	90	100	110	260	111
Oct	76	77	72	82	89	92	104	110	100	119	127	101	162	88	159	70	85	113	324	110
Nov	73	74	70	82	92	103	103	133	100	118	128	99	168	93	133	66	74	114	274	109
Dec	74	72	71	85	94	107	103	126	102	133	135	100	181	98	80	65	77	117	175	105

The general upward tendency in prices that started in late 1932 and early 1933 has continued through 1934. The index of all groups rose from a low of 55 in February and March 1933 to a high of 103 in September 1934, the highest level since December 1930. The most marked increases were made by grains and cotton and cottonseed. From a low of 34 in February 1933, the index for grains increased to 116 in December 1934, reaching the highest level since January 1930, when it stood at 118. From a low of 37 in June 1932, the index for cotton and cottonseed reached a current high of 110 in September 1934, the highest level since June 1930. In addition to grains and cotton and cottonseed, chickens and eggs, and fruits reached higher levels in 1934 than at any time since 1930. Meat animals and dairy products reached levels not approached since the last quarter of 1931. The high of 147 in truck crops in September 1933 has not since been equaled.

The largest increases in gross income were obtained in the regions producing cotton and tobacco. The increase of 38 percent, which occurred in the West South Central States, was greater than that in any other region; the increase in income of 30 percent in the South Atlantic States was the second greatest; and the increase in the East South Central group of States was 24 percent. The higher incomes were due to higher prices for the major products as well as to benefit payments under the adjustment program. The increases excluding benefit payments were 21, 25, and 16 percent for the respective

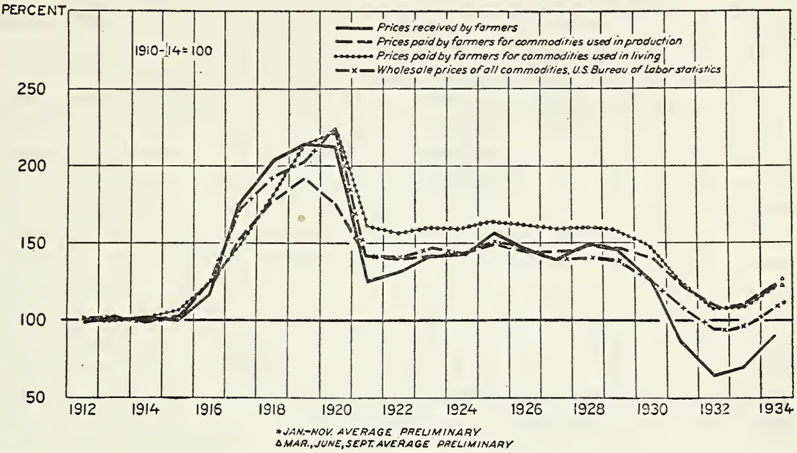

FIGURE 3.—PRICES RECEIVED AND PAID BY FARMERS, AND WHOLESALE PRICES OF ALL COMMODITIES, 1912–34.

Prices of most agricultural commodities have improved materially over those of the low point of the depression. Grain and cotton prices have risen more rapidly than livestock prices, but they had also declined further and faster prior to the upturn.

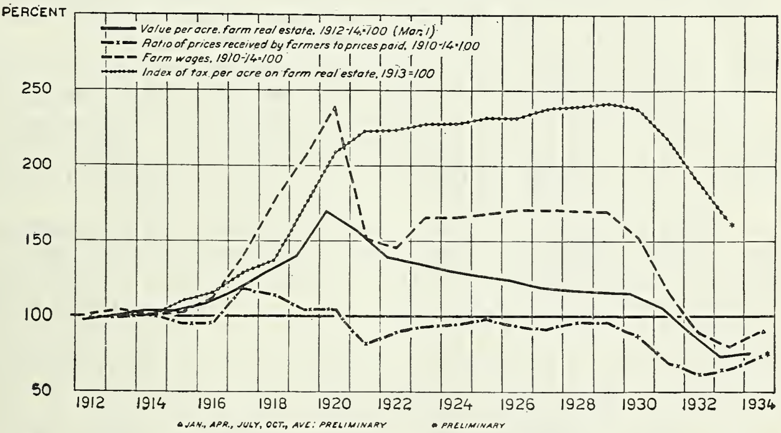

FIGURE 4.—RATIO OF PRICES RECEIVED TO PRICES PAID, FARM WAGES, TAXES PER ACRE ON FARM REAL ESTATE, AND VALUE PER ACRE OF FARM REAL ESTATE.

The average tax per acre levied on farm real estate and the average wage rate paid to hired labor declined further in 1933, but wage rates as well as the prices of most commodities bought by farmers have since turned upward. Prices received by farmers have increased somewhat more rapidly than prices paid, with the result that the ratio of prices received to prices paid has increased from its low point.

groups of States. The greatest relative increases in land values were also registered in these areas.

The increase in operating expenses over those of a year ago was not great. The Bureau estimate [10] of total operating expenditures of farmers for 1933 was $1,463,000,000. This represents an increase of less than 1 percent over the $1,455,000,000 of the previous year, which in turn was 26 percent less than the $1,964,000,000 of 1931.

Total operating expenditures for the year including both current and capital outlays were 50 percent as great as the 1924–29 average, whereas gross income represented 54 percent of its average for the same period (table 7). This situation is the reverse of that which prevailed from 1930 to 1932, during which time expenditures were reduced somewhat less rapidly than gross income. Current expenditures during 1933 for items directly associated with production such as feed, seed, fertilizer, spray materials, and costs of operating tractors and automobiles, averaged 40 percent below their 1924–29 average, and items of capital expenditure for machinery, automobiles, and trucks, or repairs on farm buildings, averaged 69 percent below. Expenditures for such items can be postponed more readily than can expenditures more directly associated with production. That the limit to such postponement had about been reached, however, is suggested by the fact that expenditures for such items in 1933 were 28 percent greater than in 1932.

In contrast, there was a continued reduction of almost 5 percent in the items more directly associated with production. The major part of the 5-percent reduction is accounted for by the lower expenditures for feed, seed, containers, spray materials, and twine, which reductions were in part the result of the adjustment program. Benefit payments probably encouraged increased capital expenditures since no operating costs directly associated with production were incurred in order to obtain this form of return.

Total wages for hired labor, including cash wages plus the value of board and perquisites, have also been greatly reduced (table 7). The amount paid in cash for wages dropped from an average of nearly $924,000,000 for the years 1924–29 to $809,000,000 in 1930, to $587,000,000 in 1931, to $380,000,000 in 1932, and to $341,000,000 in 1933, a total reduction of 63 percent from the 1924–29 average.

The expenditures outlined are variable within limits in accordance with the judgment of the individual operator, and they have, accordingly, greater flexibility than do such items as taxes, interest, and payment of principal on indebtedness. These items are comparatively fixed. Some reduction in the tax burden on agricultural real estate has been accomplished, as is indicated by the decline in the estimated total of taxes payable [11] from $600,000,000 in 1930 to $550,000,000 in 1931, to $476,000,000 in 1932, and to $407,000,000 in 1933. The total decline in taxes payable from 1930 to 1933 represents a reduction of 32 percent.

More inflexible even than taxes are interest charges. From 1930 to 1933 interest payable [12] declined 20 percent or from $654,000,000 to $526,000,000. Most of the decline follows from the reduction in mortgage indebtedness outstanding, although a part of the reduction in 1933 was due to the lower interest rates at which mortgages were refinanced.[13]

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[10] These operating expenditures include some capital outlay which should not be charged to a single year's operations in a strict accounting sense. In the following discussion current operating expenditures refer to outlays for commodities and services used in the same year as purchased. Capital expenditures refer to outlays for capital equipment which are to be used over a period of years and should not be charged to a single year's cost. Both are included in total operating expenditures in table 7 since, from the standpoint of expenditure of available resources, they may be included.

[11] As distinguished from taxes paid.

[12] As distinguished from interest paid. It is known that there has been much delinquency in debt service, but it is not known how much of the delinquency applies to interest and how much to principal.

The relations between the changes in the various items of expenditure are more clearly evident when expressed as percentages of gross income. While gross incomes were dropping sharply, there was a lag in the decline of current operating expenditures. During the 1924–29 period, current operating expenditures (excluding capital outlays) varied but slightly from 16 percent of gross income, but increased to nearly 21 percent in 1931, and to 23 percent in 1932. The decline in current expenditures continued through 1933, and together with an increased gross income, reduced the ratio of current expenditures to gross income to 18 percent, or approximately 2 percent above the 1924–29 average.

Capital expenditures on the other hand varied from 7 to 10 percent during the 6-year period, but declined sharply after 1929, amounting to only 4.5 percent of the gross income in 1932. Capital expenditures in 1933 increased somewhat more rapidly than did gross incomes, rising to 4.9 percent of gross income. Cash wages to hired labor absorbed approximately 8 percent of the gross income throughout most of the period, but dropped to about 5.5 percent in 1933.

The combined items of interest and taxes averaged about 11 percent of gross income over the period 1924–29. This was approximately one-half higher than it had been during the period 1909–16. The increase in debt during the 1911–20 decade along with the increase in taxes during the latter part of the period, was largely responsible for the increase. From 1929 to 1932 the share of income absorbed by the combined items of interest and taxes almost doubled, amounting to 20.1 percent of gross income by 1932, or almost three times the 1909–16 share. The continued drop in interest and taxes payable, associated with an increase in gross income in 1933, reduced the percentage to 14.9, the lowest point since 1930, but still nearly twice the 1909–16 average. In 1933 the share of total gross income represented by taxes payable was 6.5 percent and that by interest payable 8.4 percent. Since less than half[14] of the farms are mortgaged, however, the share of gross income claimed by interest on mortgaged farms is probably nearer 16 percent than 8 percent.

The reduction in operating expenditures from the 1924–29 period has been accomplished partly through buying less and partly as a result of lowered prices. Great variations exist between different types of commodities. The Bureau index of prices of commodities bought for use in production declined 26 percent, while total operating expenditures were reduced 50 percent. It is evident that a considerable reduction in the physical quantities of goods bought has occurred.

Prices paid by farmers in 1933 for all commodities used in production increased slightly less than 1 percent over those in the previous year, while the operating expenditures for production increased slightly over 0.5 percent (tables 6 and 7). Of the current operating expenditures, outlays for fertilizer increased somewhat more than 4 percent, while fertilizer prices declined almost 3 percent, indicating an increase in the physical quantities purchased. The increased fertilizer expenditures were more than offset by the declines in outlays for feed, which were almost 14 percent under those in 1932. Since there was an increase in feed prices of slightly over 14 percent, a substantial reduction in the physical quantities of feed purchased is apparent.

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[13] The total is based on all bank loans other than real estate loans and on 90 percent of mortgage indebtedness, 10 percent of the total mortgage debt being assigned to farm dwellings.

[14] Forty-two percent, according to the 1930 census.

TABLE 6.—*Index numbers of prices paid by farmers, by years, 1910–33, and in stated months, 1931–34*

[1910–14=100 percent]

Year and month	Commodities used in production							Commodities bought for family maintenance [2]	All commodities bought for both production and family maintenance	Wages paid to hired labor	Commodities bought for use in production plus wages paid to hired labor	Index of farm real estate tax per acre [3]
	Feed	Machinery	Fertilizer	Building materials for other than house	Equipment and supplies	Seed [1]	All commodities bought for use in production					
1910	93	102	99	100	101	------	98	98	98	97	98	------
1911	107	101	99	102	100	------	103	100	101	97	101	------
1912	91	102	100	103	100	103	98	101	100	101	99	------
1913	107	98	102	101	100	97	102	100	101	104	103	100
1914	102	96	100	93	99	99	99	102	100	101	99	101
1915	100	100	112	102	106	120	104	107	105	102	103	110
1916	130	107	120	117	129	142	124	124	124	112	121	116
1917	184	126	137	137	156	149	151	147	149	140	149	129
1918	193	155	170	161	181	190	174	177	176	176	174	137
1919	211	161	182	189	180	280	192	210	202	206	195	172
1920	137	167	186	205	189	152	174	222	201	239	189	209
1921	97	156	156	156	152	134	141	161	152	150	143	223
1922	123	142	129	159	140	130	139	156	149	146	141	224
1923	134	146	126	161	136	142	141	160	152	166	147	228
1924	142	152	120	161	133	151	143	159	152	166	148	228
1925	141	153	129	164	140	172	147	164	157	168	152	232
1926	137	154	126	162	144	214	146	162	155	171	152	232
1927	138	154	121	160	141	197	145	159	153	170	151	238
1928	148	154	131	158	138	179	148	160	155	169	153	239
1929	145	153	130	159	136	185	147	158	153	170	153	241
1930	132	152	126	155	131	174	140	148	145	152	143	238
1931	93	150	115	139	116	152	122	126	124	116	120	218
1932	69	141	99	126	107	102	107	108	107	86	102	189
1933	79	137	95	129	103	95	108	109	109	80	101	[4] 160
1931:												
March	108	151	119	144	124	174	129	134	132	127	129	------
June	100	150	119	140	114	174	125	129	127	123	124	------
September	83	150	110	137	114	133	117	124	121	113	116	------
December	80	148	110	134	114	127	116	118	117	98	112	------
1932:												
March	76	144	103	130	111	109	112	113	112	94	108	------
June	72	142	103	127	106	109	109	108	108	87	104	------
September	67	140	96	124	106	94	105	106	106	84	100	------
December	62	139	96	123	104	94	104	103	103	74	97	------
1933:												
March	62	135	91	119	105	85	101	99	100	73	94	------
June	77	135	91	122	97	85	104	102	103	78	98	------
September	90	139	99	136	106	111	114	117	116	86	107	------
December	86	140	102	140	108	111	114	117	116	81	106	------
1934:												
March	91	142	104	148	108	119	119	121	120	88	112	------
June	97	144	104	149	110	115	121	122	121	90	114	------
September	122	146	105	145	109	162	129	123	126	93	120	------

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[1] 1912–14=100.

[2] Includes food, clothing, household operating expenses, furniture and furnishings, and building materials for house.

[3] 1913=100.

[4] Preliminary.

Compiled from prices reported to the Department of Agriculture by retail dealers throughout the United States. The index numbers include only commodities bought by farmers, the commodities being weighted according to purchases reported by actual farmers in farm-management and rural-life studies from 1920 to 1925. Figures for other months used in table 4 are straight interpolations between the above quarterly reporting dates.

It is evident, however, that there was an increase in the physical quantities of materials purchased under capital expenditures, for a 10-percent increase in machinery expenditures was associated with a 3-percent reduction in prices of machinery. Repairs on farm buildings increased 40 percent, and prices of building materials increased about 2 percent.

The aggregate physical quantities of agricultural marketings in 1933 were approximately 6 percent below those of the 1924–29 period. As compared with their performance during 1924–29, it appears that through 1933, though to a less extent than in 1932, the agricultural plant and personnel continued to provide nearly as much food and raw materials, but in exchange a smaller quantity of the goods and services produced by industry were received. The low point was perhaps reached in 1932 and 1933. The latter part of 1933 marked the first time since 1928 that there was a material improvement in the ratio of prices received by farmers to prices paid. The ratio reached a low point of 54 in June 1932 and in February 1933, and moved somewhat irregularly upward, averaging 64 for the year 1933, reaching 82 in September 1934, and easing off to 80 [15] in November and December.

A further evidence of the changed economic situation of farmers appears in table 7, in which are shown estimates of income from farm production available for capital and management after operating expenditures, wages to hired labor, and taxes, and an allowance for the labor of the operator and his family have been deducted from gross income.

Table 7.—*Gross income, annual expenditures, value of operators' and family labor, and income available for all capital and management, 1924–33*

Year	Gross income			Expenditures				Balance available for capital, unpaid labor, and management	Value of operators' and family labor at rates paid hired labor	Income available for capital and management
	From crops	From livestock and livestock products	Total	Operating expenditures	Wages to hired labor	Taxes payable	Total			
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
1924	6, 170	5, 167	11, 337	2, 554	1, 181	541	4, 276	7, 016	4, 405	2, 656
1925	6, 148	5, 820	11, 968	2, 855	1, 230	547	4, 632	7, 336	4, 447	2, 889
1926	5, 468	6, 012	11, 480	2, 900	1, 277	557	4, 734	6, 746	4, 534	2, 212
1927	5, 817	5, 799	11, 616	2, 837	1, 292	577	4, 706	6, 910	4, 501	2, 409
1928	5, 675	6, 066	11, 741	3, 117	1, 301	588	5, 006	6, 735	4, 491	2, 244
1929	5, 434	6, 507	11, 941	3, 303	1, 313	601	5, 217	6, 724	4, 519	2, 205
1930	3, 818	5, 636	9, 454	2, 749	1, 112	600	4, 461	4, 993	4, 096	897
1931	2, 746	4, 222	6, 968	1, 964	807	550	3, 321	3, 647	3, 218	429
1932	2, 288	3, 043	5, 331	1, 455	522	476	2, 453	2, 878	2, 460	418
1933	2, 874	3, 111	[1] 6, 256	1, 463	469	407	2, 339	3, 917	2, 261	1, 656

[1] Includes $271,000,000, preliminary estimate of rental and benefit payments made or to be made to farmers restricting production in 1933.

The income so indicated as available for capital and management in 1933 was almost four times that in either 1932 or 1931, and slightly less than twice that in 1930. The residual for capital and management in 1933 was 68 percent of the 1924–29 average.

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[15] Preliminary.

Still another indication of the improved situation of farmers, at least as compared with their situation in 1932, is found in the reports of 6,855 owner-operators for their own farms. The average size and average property values of the farms so reported are greater than the average for all farms reported by the census. Few of the reports relate to farms of less than 50 acres, whereas groups of farms of 80 acres and upwards are well represented. The returns cannot properly be considered as average in the sense of applying to all farmers, but they are considered to be "representative" in the sense that both large and small, profitable and unprofitable farms are included, and they are distributed over all parts of the country.

The net results presented in table 8 and figure 5 consist of the average gross cash receipts, minus average current cash expenses, plus the change in the inventory value of personal property. The average net results, it will be observed, are much more favorable on the whole than during either of the preceding 2 years, and average but 4 percent under net results in 1930. In addition to the net results indicated, these families during 1933 used food produced on the farm to the extent of $163 and had some fuel and the use of the farmhouse.

TABLE 8.—*Farm returns: Average net result of owner-operators for their own farms for the calendar years 1922–33* [1]

Geographic division	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933
North Atlantic	$858	$1,070	$1,022	$1,352	$1,166	$1,333	$1,105	$1,254	$882	$445	$180	$619
East North Central	928	1,030	1,155	1,370	1,169	1,088	1,170	1,178	604	202	119	542
West North Central	1,235	1,110	1,654	1,680	1,325	1,642	1,798	1,684	595	−178	−98	502
South Atlantic	623	740	656	616	569	818	639	764	214	215	41	435
South Central	735	890	1,059	824	973	980	1,121	987	217	216	88	432
Western	986	1,310	1,506	2,047	1,694	2,179	2,171	1,994	868	242	178	738
United States	917	1,020	1,205	1,297	1,133	1,290	1,334	1,298	538	154	66	516
Number of reports, United States	6,094	16,183	15,103	15,330	13,475	13,859	11,851	11,805	6,228	7,437	6,383	6,855

[1] Average gross cash receipts from sales, minus average current cash expenses, plus change in inventory of personal property. The following items are not included: Interest paid, expenditures for farm improvements, estimated value of food produced and used on farms, estimated value of family labor, including owner, and estimated change in value of real estate during year. Full details have been published for each year in Crops and Markets, the latest figures in July 1934.

REFINANCING AND LOWERING OF INTEREST RATES REDUCE PRESSURE TO SELL

Of importance probably equal to that of higher incomes, at least insofar as immediate effects are concerned, are the refinancing, interest-reducing, and debt-extension activities of the Farm Credit Administration.

The accumulated pressure of debt service and taxes on farm income was reaching unprecedented proportions, and relief was imperative. Under an Executive order dated March 27, 1933, and effective May 27, 1933, the activities of the Federal Government relating to the financing of agriculture were consolidated in the Farm Credit Administration.

Upon its creation, financial plans of broad design were set in motion to help relieve the debt pressure on agriculture. With respect to long-time loans secured by farm real estate, these activities have been of five principal types: (1) Temporary reduction of interest rates; (2) temporary suspension of principal payments; (3) extension or reamortization of existing contracts; (4) expanded lending, permitting refinancing of many loans; and (5) granting of Commissioner loans for refinancing especially distressed cases.

Through these measures the Farm Credit Administration has been able to assist a large number of distressed debtors. In many cases the creditor too has been assisted, since through the refinancing he has been enabled to liquefy, even if on a reduced basis, an asset otherwise temporarily frozen.

Correspondents have frequently commented that the number of farms on the market is considerably smaller than a year ago, and attribute the change in a large measure to the more adequate credit facilities provided by the Farm Credit Administration. These facilities have resulted in withdrawing from the market many of those farms which were there because of financial strain. An additional result is that holding or asking prices for land listed for sale have been raised.

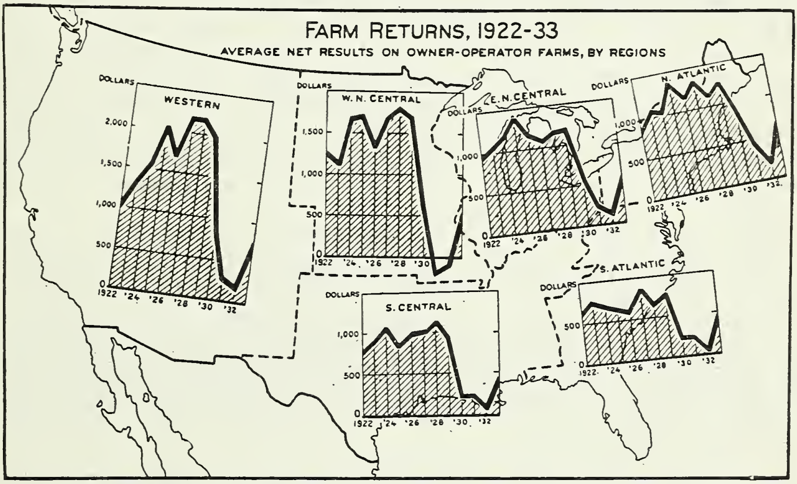

FIGURE 5.—The average operating net results for 1933, as reported by the Department's crop correspondents, showed a general increase over those for 1932. The average for the United States was $516, or a little under that of 1930 and materially greater than during 1931 and 1932.

The reduction of interest rates on loans held by the Federal land banks was made possible by the Emergency Farm Mortgage Act, which provided that interest installments payable within the 5-year period beginning July 11, 1933, should not exceed 4½ percent per annum on mortgage loans made through national farm loan associations or through agents of the Federal land banks, or purchased from joint stock land banks, which were outstanding on May 12, 1933, and on all loans made through national farm loan associations prior to May 12, 1935 (*6*).

The average rate of interest on all Federal land bank loans outstanding on November 30, 1933, was 5.38 percent (*6*). Assuming the rate on all these loans to have been reduced to 4.5 percent, the amount of the reduction in interest is probably in the neighborhood of $10,000,000 or $11,000,000 annually during the 5-year period.

Another provision of the Emergency Farm Mortgage Act provided for the suspension of payments on principal during the 5 years ending

July 11, 1938, from borrowers not in default on any other covenant of their mortgages. As of December 31, 1933, the amount of principal payments (*6*) deferred was $2,467,508.

Extension or reamortization of existing contracts where conditions, in the opinion of the banks, have justified, has provided assistance to many borrowers. As of December 31, 1933, extensions in force numbered 98,767, and amounted to $34,332,070 (*6*), and as of September 30, 1934, matured installments of interest and principal extended amounted to $40,405,569 (*7*).

The activities referred to above have affected those who were already indebted to the land banks. Many of those in distress owed money to other creditor agencies. To provide relief for these groups, additional activities were required. The lending activities of practically every agency from which farmers had been accustomed to secure farm-mortgage credit either had seriously reduced the scale of lending activities or had withdrawn from the field entirely. The average amount of mortgage loans closed by the 12 Federal land banks was about $2,300,000 per month during 1932, and during the first 5 months in 1933, it averaged about $2,900,000. The average weekly investments of 25 leading life insurance companies were only about 20 percent of the average during 1928–30, and of the new loan contracts written by mortgage bankers, less than 10 percent were for new loans.

Within a short time after the organization of the Farm Credit Administration the number of loans closed by the land banks increased. They amounted to nearly $19,000,000 in October, and to $61,000,000 in December, resulting in an annual total for 1933 of $151,634,111 as compared with $27,569,800 for 1932. During the first 9 months of 1934, loans numbering 158,589 and amounting to $606,626,816 or a monthly average of 17,621 loans, involving $67,402,980 per month—over twice the annual total in 1932—were closed by the land banks (*6*, *7*).

The Federal land banks are prohibited by law from lending in excess of 50 percent of the appraised normal value of the farm land, plus 20 percent of the appraised value of permanent, insured improvements. Many of those in need of refinancing were unable to secure assistance from loans of this size, for their debts were based on values of other days, and, consequently, exceeded the normal value contemplated as the basis for Federal land bank loans.

To reach some of this group, the Emergency Farm Mortgage Act provided for loans by a Land Bank Commissioner up to 75 percent of the appraised normal value of the property. The first loans by the Commissioner were closed in May 1933, but their volume increased rapidly from $40,000 in that month, and reached $1,500,000 in August, nearly $10,000,000 in October, and $36,665,204 in December, a total of 44,039 loans, involving $70,812,112 for the 8 months (*6*). During the first 9 months of 1934, the volume increased, bringing the total Commissioner loans closed as of September 30, 1934, to $520,591,997 (*7*) or an average of $30,600,000 per month since the creation of the office of Land Bank Commissioner.

The loans made by the land banks and by the Commissioner have been used principally to refinance indebtedness. According to a sample study reported by the Farm Credit Administration (*6*), about 87 percent of the land bank loans, and 92 percent of the

Commissioner loans were so used. The remainder were for various other purposes, such as purchase or redemption of land, farm operations, buildings and improvements, loan fees, and stock in national farm loan associations; purchase of equipment and fertilizer, or general agricultural uses (table 9).

TABLE 9.—*Loans closed by Federal land banks and by the Land Bank Commissioner: Percentage distribution of proceeds by purposes and land bank districts* [1]

Land bank district	Federal land bank loans							Land Bank Commissioner loans to farmers			
	Purchase of land	Equipment, fertilizer, etc.	Buildings and improvements	Refinancing indebtedness	General agricultural uses	National farm loan association stock	Loan fees, etc.	Refinancing indebtedness	Farm operations	Redemption or repurchase	Loan fees, etc.
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
1	5.3	2.6	3.2	82.0	1.0	5.0	0.9	93.3	5.2	1.2	0.3
2	3.0	1.0	2.2	86.9	.1	5.0	1.8	91.2	8.5	-------	.3
3	.5	1.0	2.5	89.1	1.4	5.0	.5	83.8	14.0	1.0	1.2
4	8.6	2.7	3.6	77.7	.9	5.0	1.5	92.2	4.9	1.8	1.1
5	-------	.2	.2	86.6	6.5	5.0	1.5	83.4	13.3	1.2	2.1
6	4.2	.7	1.1	87.8	.8	5.0	.4	94.3	4.2	.7	.8
7	5.0	.7	2.5	85.0	.2	5.0	1.6	90.0	5.0	4.0	1.0
8	3.4	1.6	1.1	87.4	.5	5.0	1.0	97.9	.3	1.8	-------
9	1.9	2.7	1.4	84.0	3.5	5.0	1.5	91.9	4.0	3.2	.9
10	.7	.9	.4	91.9	1.0	5.0	.1	97.3	1.8	.7	.2
11	3.1	1.4	.6	85.2	2.9	5.0	1.8	87.1	9.2	2.2	1.5
12	4.5	.8	1.5	84.3	1.1	5.0	2.8	80.5	14.5	2.2	2.8
All districts	3.3	1.3	1.4	86.8	1.1	5.0	1.1	92.0	5.7	1.5	.8

[1] The following footnote is based on those beneath the table from which the above data are taken. These data are derived not from the total number of loans, but from a substantial sample, because it has been impracticable to obtain certificates showing the exact distribution of loan proceeds until some time after the loans are closed. Loans closed by Federal land banks from June 1 through Nov. 30, 1933, and loans closed by the Land Bank Commissioner from May 12 through Nov. 30, 1933, were used as a basis for this table.

Compiled from table 3 of first annual report of Farm Credit Administration (*6*).

TABLE 10.—*Federal land bank and Land Bank Commissioner loans to refinance indebtedness: Percentage distribution by type of indebtedness and class of former creditor* [1]

Type of indebtedness and class of creditor	Loans closed by Federal land banks	Loans closed by Land Bank Commissioner	Type of indebtedness and class of creditor	Loans closed by Federal land banks	Loans closed by Land Bank Commissioner
First and junior mortgage indebtedness:	*Percent*	*Percent*	Other indebtedness:	*Percent*	*Percent*
Joint stock land banks	6.4	3.2	Commercial banks	16.7	15.8
Insurance companies	10.8	6.2	Merchants	.7	1.7
Commercial banks	19.3	17.8	Tax authorities	2.4	4.1
Receivers and conservators of banks	.9	1.3	Other	11.3	12.3
Merchants	.2	.2	Total	31.1	33.9
Other	31.3	37.4	Total	100.0	100.0
Total	68.9	66.1			

[1] The following footnote is based on those beneath the tables from which the above data are taken. These data are derived not from the total number of loans but from a substantial sample, because it has been impracticable to obtain certificates showing the exact distribution of loan proceeds until some time after the loans are closed. Loans closed by Federal land banks from June 1 through Nov. 30, 1933, and loans closed by the Land Bank Commissioner from May 12 through Nov. 30, 1933, were used as the basis for this table.

Rearranged from first annual report of the Farm Credit Administration, 1933 (*6*).

Of the indebtedness refinanced by such loans, about two-thirds consisted of first and junior mortgages. In table 10 are presented the distribution of the refinanced debt, by class of creditor. Recalling that, generally speaking, Commissioner loans were made in the more involved cases, it is interesting to note that Commissioner loans were relatively less numerous in the case of mortgages held by the joint stock land banks and insurance companies, but were more numerous in the cases of those held by "others", principally individuals. It is interesting further to compare the proportion of loans to refinance indebtedness held by various agencies with the proportion of total mortgage debt (exclusive of that held by the land banks—for these loans were extended or reamortized by the land banks, and would not show up under new loans) held by the respective agencies. Table 11 presents this comparison. The joint stock land banks had held about 8 percent of the debt,[16] but received 9 percent of the land bank loans used to refinance indebtedness, and 5 percent of the Commissioner loans. Insurance companies, although having held 26 percent of the debt,[16] received only 16 percent of the land bank loans used for refinancing, and an even smaller share of the Commissioner loans. This agrees with the generally recognized situation that by and large the insurance company loans were a preferred class, and that when such loans become involved, the companies as a class have been able, and have been favorably disposed, to try to meet the debtor on reasonable grounds.

Table 11.—*Federal land bank and Land Bank Commissioner loans used to refinance mortgage indebtedness: Percentage distribution by type of former creditor, and percentage of total mortgage indebtedness (except that owed to Federal land banks) held by such creditors*

Type of creditor	Loans closed to refinance indebtedness		Proportion of total mortgage debt (exclusive of that held by Federal land banks) held by specified agency [2]
	By Federal land banks [1]	By Land Bank Commissioner [1]	
	Percent	*Percent*	*Percent*
Joint stock land banks	9	5	8
Insurance companies	16	9	26
Commercial banks	28	27	12
Receivers and conservators of banks	1	2	----------
Merchants	(3)	(3)	54
Other	45	57	
Total	100	100	100

[1] See footnote to table 10. [2] As of Jan. 1, 1928. For basic data see (*10*). [3] Less than 1 percent.

Commercial banks (and their receivers or conservators), however, that had held only 12 percent of the mortgage debt, have received approximately 29 percent of the loans made to refinance indebtedness, both by the land banks and by the commissioners.

Other creditors, having held 54 percent of the debt, received 45 percent of the land bank loans, and 57 percent of the Commissioner loans.

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[16] In the remainder of this section, "debt" will be understood as the total, excluding that held by the land anks.

That loans thus refinanced might bear a reasonable relationship to earnings, some scaling down of indebtedness was often necessary. As of December 1, 1933, approximately 17.6 percent of the Commissioner loans involved a "scale down" of debts (*6*). The average reduction in such cases was approximately 23 percent of the original debt. In the case of land bank loans about 5.3 percent of the loans involved voluntary reductions on the part of creditors. The reduction in these cases averaged 18.4 percent.

In these several ways, therefore, the Farm Credit Administration has eased the debt pressure on a large number of farmers, and in so doing, has in some measure provided creditors with a means of liquefying part of their slow assets, thus enabling them in turn to resume more nearly normal activities. In thus relieving strain for both debtor and creditor, definite progress has been made in removing part of the impediments encumbering the farm real estate situation during recent years. Though the log jam has thus been broken, the river is by no means cleared as yet.

VALUES REMAIN MORE NEARLY IN LINE WITH RENTS

Farm real estate values, of course, are predicated fundamentally on income and represent a composite market judgment of the present worth of future land income. It is to be emphasized that it is future income, rather than income of the past, to which the owner of land is entitled, and it follows, therefore, that there is implicit in any estimation of current values, a rather definite prognostication of future land incomes. The same process is part and parcel of any investment process, for the essence of investment is the exchange of present purchasing power for a series of future incomes more or less certain. Both buyers and sellers normally consider this element of uncertainty and allow for it, as it affects their respective interests.

Owing to the complexity of the factors entering into the determination of future land income, the tendency is to base estimates of the future largely on the experience of the recent past. During periods of relative stability, confidence develops in the existing order, and the assumption that it will continue becomes the basis of many long-time commitments. On the other hand, when customary relations become disturbed, the fundamental difficulty of accurately judging the future becomes evident, and people become exceedingly cautious in undertaking long-time agreements.

This factor has been evident in the farm real estate market, as well as with regard to many other investments. For example, toward the end of the 1900–1920 period the assumption seemed rather general that the long upward trend in farm incomes would continue indefinitely. As a result, the ratio of current net rents to current valuations became very low, and instances were not uncommon in which farmers were paying 6-percent interest on money borrowed to buy land priced to yield a much lower rate of return (*1*). One investigation[17] disclosed that, if the current interest rate on mortgage indebtedness be accepted as a fair capitalization rate, approximately 56 percent of the 1920 values in the central Corn Belt were based on the anticipated future increases in net rents, and conversely, that only about 44 percent of the 1920 values represented capitalization of the then current net rents. An analogous situation existed in the security markets in 1929. The prices of many stocks were such that the ratio of current dividends to current prices was very low.

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[17] WIECKING, E. H. THE ECONOMIC BASIS OF FARM LAND VALUES. U. S. Dept. Agr. Bur. Agr. Econ., 23 pp. illus. 1928. [Mimeographed.]

In last year's report on the farm real estate situation (*3*) a table was presented which gave, for a series of years, an estimation of the current value represented by capitalized net rent. This table has been brought up to date (table 12) and extended to include all the West North Central States (table 13).

TABLE 12.—*Farm real estate rented for cash in Iowa: Approximate net rent per acre and proportion of current value based on current rents, 1921–34* [1]

Year	Average value per acre of cash-rented land	Gross cash rent per acre	Taxes plus estimated depreciation and repairs per acre	Approximate net rent per acre	Ratio of rent to value		Net rent capitalized at 5½ percent	Proportion of value represented by capitalized net rent
					Gross rent	Net rent		
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Percent*	*Percent*	*Dollars*	*Percent*
1921	236	10. 48	2. 14	8. 34	4. 44	3. 53	152	64
1922	188	7. 42	2. 18	5. 24	3. 95	2. 79	95	51
1923	170	7. 39	2. 12	5. 27	4. 35	3. 10	96	56
1924	164	7. 38	2. 15	5. 23	4. 50	3. 19	95	58
1925	154	7. 39	2. 07	5. 32	4. 80	3. 45	97	63
1926	153	7. 55	2. 10	5. 45	4. 93	3. 56	99	65
1927	149	7. 69	2. 15	5. 54	5. 16	3. 72	101	68
1928	142	7. 75	2. 15	5. 60	5. 46	3. 94	102	72
1929	140	7. 79	2. 22	5. 57	5. 56	3. 98	101	72
1930	130	7. 77	2. 20	5. 57	5. 98	4. 28	101	78
1931	114	7. 43	1. 97	5. 46	6. 52	4. 79	99	87
1932	93	6. 08	1. 71	4. 37	6. 54	4. 70	79	85
1933	70	4. 46	1. 42	3. 04	6. 37	4. 34	55	79
1934	78	4. 99	[2] 1. 43	[2] 3. 56	6. 40	[2] 4. 56	[2] 65	[2] 83

[1] All data preliminary.
[2] Estimated.

TABLE 13.—*Farm real estate rented for cash in selected States: Approximate capitalized net rent and proportion of current value based on current rents, 1921–34* [1]

Year	Net rent capitalized at approximate mortgage interest rates [2]							Proportion of value represented by capitalized net rent						
	Minnesota	Missouri	North Dakota	South Dakota	Nebraska	Kansas	West North Central States [3]	Minnesota	Missouri	North Dakota	South Dakota	Nebraska	Kansas	West North Central States [3]
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
1921	80	92	23	58	76	54	97	61	85	58	64	71	71	66
1922	59	64	18	36	54	42	64	53	74	58	52	60	67	54
1923	51	62	18	31	51	39	62	49	78	62	55	60	65	57
1924	52	60	17	29	49	37	61	51	78	63	54	60	64	58
1925	50	58	15	29	49	38	61	52	82	63	57	63	67	62
1926	50	57	16	28	50	37	62	52	81	67	57	64	65	63
1927	52	55	15	27	49	37	62	55	81	63	59	64	65	65
1928	52	54	16	30	52	37	63	59	83	67	68	68	65	68
1929	52	54	16	30	53	39	63	61	86	70	70	71	68	69
1930	51	52	15	30	54	38	63	64	88	68	71	73	70	74
1931	49	46	13	30	54	34	61	70	87	68	81	76	71	80
1932	45	39	11	23	44	27	50	76	89	69	79	77	73	81
1933	34	29	9	19	31	22	36	69	91	60	79	72	67	75
1934	[4] 37	[4] 33	[4] 12	[4] 19	[4] 34	[4] 26	[4] 41	[4] 74	[4] 94	[4] 71	[4] 79	[4] 76	[4] 76	[4] 79

[1] All data preliminary.
[2] Approximate mortgage interest rates used; Minnesota, 5¾; Missouri, 6; North Dakota, 6½; South Dakota, 6; Nebraska, 5¾; Kansas, 6 percent.
[3] Weighted average, includes Iowa.
[4] Estimated.

The starting point for these tables is found in estimates of cash rent paid for farms and the value of the farms so rented, as reported by crop reporters. To arrive at an approximation of the share of income attributed or imputed to farm real estate, it is necessary to deduct from the gross rent, the taxes, depreciation, and repairs that are chargeable against it. The result (if the data are adequate) closely approximates the land income that may properly be capitalized in considering value. Data on real estate taxes per acre have recently become available by States (*4*), and an allowance for depreciation and repairs to buildings has been calculated as 3 percent of building values—an estimate based upon farm-management surveys. Value of buildings has been estimated from census data. The results, although not applicable to any specific farm, are believed to be representative of the general trends in recent years.

In table 12, which brings the Iowa data to date, the several steps in the calculation are presented, but for the other States, only the ratio of net rent to value and the proportion of value represented by capitalized net rent are given, although the method of calculation is identical with that shown for Iowa. The rate of interest used in each State is based upon approximately that reported by the census.

One possible qualification may be noted respecting rents for 1931, 1932, and 1933. The rents indicated are the contract rents, given at the beginning of the respective years. No information is available as to whether there has been subsequent modification of the contractual rents in line with the decline in prices of farm products. In view of the magnitude of the drops in gross farm returns during 1931 and 1932, it is entirely possible that concessions have been made and that the rents actually collected have been lower than those contracted. Inasmuch, however, as the values are also reported at the beginning of the year, and since a modification of rent would presumably involve a corresponding change in the estimate of value, it would appear on the whole that whatever bias may exist on this score is relatively unimportant.

It is recognized that there may be some legitimate question as to whether or not the mortgage rate of interest is the proper rate of capitalization, but inasmuch as primary interest centers in trends, and since there is no other rate so generally recognized or so accessible, the mortgage rate of interest seems to offer the best available rate for use for capitalization purposes. The direction of the trend would not be altered appreciably by the use of either a higher or a lower rate. Nor is it to be inferred that the capitalized net rents necessarily represent the true value of farm land for any one year, for value depends upon the present worth of all future incomes and not upon that for any one year. Hence, the fact that net rents capitalized at approximate mortgage rates do not account for the whole of the estimated current values is not in itself a sufficient indication on which to base a judgment that such values are too high or too low.

The essential similarity of the trends in each of the States in the group is significant. Apparently there was a lag in the decline in cash rents, for in 1921 the rents were comparatively high in proportion to the estimated land value. A sharp decline is shown in 1922 in the ratio of capitalized net rent to value in the weighted average for the West North Central States. Beginning with 1923, the ratio gradually increased to 1932, when it stood 50 percent above the 1922 low. After a decline in 1933 to almost the 1930 level, the ratio in 1934 returned nearly to the high of 1932. The sharp early drop is found in each of the States but North Dakota. All States show increasing ratios reaching a peak in the early thirties, all but South Dakota and Missouri show the down turn in 1933, and in 1934 all approach or exceed the levels of 1931 and 1932.

Since constant rates of capitalization were used, the changes in the ratios arose directly out of changes in the relationship of values to net rents. Values in all States continued to fall from the beginning of the period through 1933, the rate of decline having been less rapid from 1922 through 1930. After sharp declines in the early twenties, reported gross cash rents in all States but Missouri underwent moderate increases. The deductions from gross cash rents remained about constant in North Dakota, South Dakota, and Iowa through 1930. In all other States the deductions increased somewhat during the middle of the period, but declined in all States after 1930. The trend in these deductions is influenced largely by the movement of taxes.

CHANGES IN FARM OWNERSHIP

FORCED TRANSACTIONS LESS NUMEROUS

The year 1933–34 was one during which many of the problems between farm debtor and creditor were faced in a realistic manner. The conclusion was generally accepted that no blanket method of adjustment was possible but that each individual case involved certain unique problems requiring specific considerations. But even so, certain generalized sets of circumstances can be recognized.

In the first place, there have been those farmers whose debt burden was so heavy relative to the value and income-producing capacity of their farms or whose financial obligations were so complicated that no conciliation or compromise was possible. These cases have gone for the most part to forced sale or as assignments to creditors, and they account in large part for the average rate of 28.0 farms transferred as a result of default on debt per 1,000 of all farms for the United States as a whole. This rate, although considerably below the 38.8 per 1,000 reported for the previous year, is about the same as the 28.4 in 1932 and is appreciably higher than the rates reported prior to 1930 (table 14 and fig. 6).

A second broad classification of cases includes those farmers who, although unable under current conditions to meet the claims of their creditors, were able to arrange for partial payments or for extensions, and thus retain possession of their farms. A third group consists of those who, by means of the refinancing activities of the Federal land banks and the Land Bank Commissioner, have been able to consolidate or readjust their financial obligations as to either amount or terms of payment.

All in all, the loss of farms as a result of debt delinquency has been reduced below the levels of the previous year, and although the rate is still far above that of normal times, the decline is encouraging.

Of particular interest is the widespread nature of the declining foreclosures and related transfers. In each of the customary geographic divisions the frequency of such sales was appreciably less than during the preceding year. The highest average number of forced sales other than tax sales for any division was 44.4 farms per 1,000 of all farms, in the West North Central States, as compared with 61.5 farms the previous year. The lowest average rate was 12.8 farms per 1,000, reported from the New England States, in comparison with 13.2 farms the previous year. Averages for other geographic divisions ranged from 30.6 farms per 1,000 in the Pacific States, as compared with 36.0 the previous year, to 18.0 farms per 1,000 in the Middle Atlantic States, as compared with 19.6 the previous year.

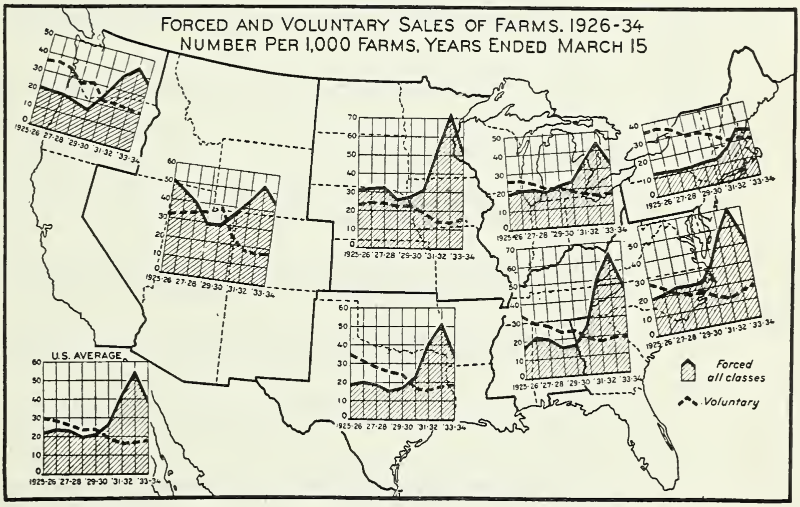
FORCED AND VOLUNTARY SALES OF FARMS. 1926-34
NUMBER PER 1,000 FARMS. YEARS ENDED MARCH 15
U.S. AVERAGE
1925-26 '27-28 '29-30 '31-32 '33-34
Forced all classes
Voluntary

FIGURE 6.—For the second year in succession voluntary sales have become more frequent. Forced sales, both as a result of tax delinquency and as a result of default on debt, declined markedly during the year. Nearly all sections reported fewer forced sales, and the declines in the South and Middle West were especially marked.

These figures are stated as number of sales per 1,000 of all farms. Thus the relatively high rate for the West North Central States is due in part to the great concentration of mortgage indebtedness in that area. If the data are adjusted on the basis of percentage of farms mortgaged, the result is an estimate of the number of forced sales per 1,000 *mortgaged* farms. The estimate of the number of such transfers per 1,000 mortgaged farms [18] for the year ended March 15, 1934, by geographic divisions, is as follows: New England, 29.4; Middle Atlantic, 44.7; East North Central, 60.7; West North Central, 81.2; South Atlantic, 83.3; East South Central, 79.4; West South Central, 54.8; Mountain, 60.2; Pacific, 59.1; and the United States, as a whole, 66.7.

The extent to which the total quantity of land held by all loan agencies has been increased as a result of foreclosures during the year is not known. Sales have increased, as noted later, but the increase

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[18] Adjusted on the basis of percentage of farms reported mortgaged by the 1930 census, the latest available data.

TABLE 14.—*Number of farms changing ownership by various methods per 1,000 of all farms, by States and geographic divisions, 12 months ended Mar. 15, 1931–34*

Geographic division and State	Voluntary sales and trades [1]				Forced sales and related defaults											
					Delinquent taxes				Forclosure of mortgages, bankruptcy, etc.[2]				Total			
	1931	1932	1933	1934	1931	1932	1933	1934	1931	1932	1933	1934	1931	1932	1933	1934
United States	19.0	16.2	16.8	17.8	7.4	13.3	15.3	11.1	18.7	28.4	38.8	28.0	26.1	41.7	54.1	39.1
New England	30.7	24.8	22.5	19.9	3.4	5.2	6.6	7.3	6.3	10.3	13.2	12.8	9.7	15.5	19.8	20.1
Middle Atlantic	24.5	20.4	21.0	20.1	4.6	5.6	8.7	8.2	9.2	12.4	19.6	18.0	13.8	18.0	28.3	26.2
East North Central	18.6	16.8	15.6	16.5	4.7	6.5	5.6	4.2	19.3	27.8	38.3	27.8	24.0	34.3	43.9	32.0
West North Central	18.9	14.2	13.8	15.5	5.5	8.7	10.5	6.5	25.8	43.8	61.5	44.4	31.3	52.5	72.0	50.9
South Atlantic	14.5	12.3	15.3	17.6	12.8	21.0	27.3	18.2	19.4	26.1	32.2	22.5	32.2	47.1	59.5	40.7
East South Central	19.4	17.2	18.9	19.1	10.0	26.0	27.1	20.2	15.9	24.6	36.4	24.7	25.9	50.6	63.5	44.9
West South Central	16.7	15.4	17.6	18.8	6.1	13.2	16.0	12.2	16.3	27.0	35.2	22.1	22.4	40.2	51.2	34.3
Mountain	24.8	17.6	16.8	17.5	13.8	16.5	19.2	15.4	22.6	27.0	33.6	28.7	36.4	43.5	52.8	44.1
Pacific	22.1	22.3	21.3	20.9	5.4	10.8	8.1	6.5	19.6	26.8	36.0	30.6	25.0	37.6	44.1	37.1
New England:																
Maine	31.0	21.0	21.2	22.4	4.2	9.1	13.3	12.6	10.1	14.6	17.0	18.2	14.3	23.7	30.3	30.8
New Hampshire	37.0	30.4	27.5	26.0	7.9	9.0	8.6	8.9	3.7	7.4	15.1	10.4	11.6	16.4	23.7	19.3
Vermont	34.0	32.2	27.4	20.3	3.7	1.7	2.1	3.6	6.1	9.7	15.0	15.9	9.8	11.4	17.1	19.5
Massachusetts	25.6	22.8	20.0	15.2	1.2	2.4	3.1	5.9	4.0	8.1	10.3	10.0	5.2	10.5	13.4	15.9
Rhode Island	23.0	23.6	19.5	17.5	.8	1.0	1.2	1.2	2.0	4.0	3.7	3.8	2.8	5.0	4.9	5.0
Connecticut	28.9	21.9	18.7	15.4	1.0	2.2	1.8	1.6	4.5	8.9	7.1	5.2	5.5	11.1	8.9	6.8
Middle Atlantic:																
New York	28.1	24.1	24.1	23.8	4.8	7.0	11.8	11.1	11.6	12.9	21.5	20.8	16.4	19.9	33.3	31.9
New Jersey	30.6	23.5	23.5	24.0	4.5	5.0	8.6	8.6	6.4	11.0	17.0	14.2	10.9	16.0	25.6	22.8
Pennsylvania	20.1	16.4	17.6	16.0	4.4	4.4	5.8	5.4	7.4	12.2	18.2	15.9	11.8	16.6	24.0	21.3
East North Central:																
Ohio	18.3	16.6	16.0	17.3	2.4	2.9	2.2	2.0	16.4	21.6	31.9	20.8	18.8	24.5	34.1	22.8
Indiana	17.1	16.7	16.3	20.2	7.9	11.9	6.6	5.7	19.9	30.1	38.3	27.6	27.8	42.0	44.9	33.3
Illinois	17.8	15.3	13.6	13.2	2.9	4.7	6.1	4.4	20.1	29.8	44.6	33.8	23.0	34.5	50.7	38.2
Michigan	21.9	18.5	18.1	18.6	7.8	9.4	9.3	6.2	20.7	30.6	41.1	30.3	28.5	40.0	50.4	36.5
Wisconsin	18.1	17.1	14.1	13.3	3.4	4.8	4.4	3.4	20.2	28.3	36.0	27.5	23.6	33.1	40.4	30.9
West North Central:																
Minnesota	16.8	13.9	14.3	15.1	7.7	7.4	8.1	5.0	31.2	42.9	59.1	37.5	38.9	50.3	67.2	42.5
Iowa	14.5	12.8	11.8	14.9	3.3	6.3	7.4	1.2	24.8	52.5	78.3	54.3	28.1	58.8	85.7	55.5
Missouri	21.8	18.2	20.0	20.3	4.2	8.0	8.6	5.5	23.7	42.1	51.2	36.1	27.9	50.1	59.8	41.6
North Dakota	17.9	12.4	10.7	13.7	15.9	22.0	29.6	12.0	34.1	54.0	63.3	31.3	50.0	76.0	92.9	43.3
South Dakota	18.1	9.8	10.1	9.8	10.2	18.1	25.1	22.6	33.2	49.2	78.0	64.2	43.4	67.3	103.1	86.8
Nebraska	20.2	13.5	10.7	14.7	2.6	4.6	5.7	5.2	21.8	34.4	58.2	45.8	24.4	39.0	63.9	51.0
Kansas	22.1	13.8	11.6	13.6	3.4	7.1	8.4	7.6	20.0	36.0	52.7	48.0	23.4	43.1	61.1	55.6

South Atlantic:																
Delaware	19.0	19.0	14.7	16.0	3.7	1.5	5.1	3.4	10.0	14.5	19.9	19.0	13.7	16.0	25.0	22.4
Maryland	18.8	18.8	14.2	15.6	5.5	12.0	11.0	6.4	10.6	22.3	21.5	22.0	16.1	34.3	32.5	28.4
Virginia	13.7	9.8	14.6	12.6	6.7	9.5	15.3	13.6	15.2	29.3	28.0	19.6	21.9	38.8	43.3	33.2
West Virginia	18.5	15.7	18.3	16.0	18.1	32.5	49.5	38.1	9.0	12.9	17.6	14.6	27.1	45.4	67.1	52.7
North Carolina	16.5	11.0	13.5	19.0	22.3	35.6	45.8	25.1	20.0	32.6	40.8	29.6	42.3	68.2	86.6	54.7
South Carolina	9.7	11.0	13.7	19.8	17.0	25.0	21.6	13.2	32.0	28.8	38.6	20.3	49.0	53.8	60.2	33.5
Georgia	10.9	10.6	16.2	18.8	5.9	10.0	13.7	11.9	27.4	26.8	34.9	24.3	33.3	36.8	48.6	36.2
Florida	19.8	21.0	22.3	23.8	3.3	11.8	22.9	14.1	4.0	6.7	23.1	15.5	7.3	18.5	46.0	29.6
East South Central:																
Kentucky	27.2	19.0	21.0	20.1	10.3	21.9	17.0	10.1	12.1	17.9	31.0	16.1	22.4	39.8	48.0	26.2
Tennessee	16.7	18.0	19.5	20.0	3.6	10.1	14.5	8.4	10.9	23.0	34.2	24.2	14.5	33.1	48.7	32.6
Alabama	15.4	15.6	16.5	17.4	5.5	15.8	19.9	13.0	22.6	27.0	36.2	21.8	28.1	42.8	56.1	34.8
Mississippi	16.2	15.2	17.9	18.3	23.8	65.8	67.7	59.9	20.4	34.1	47.6	41.5	44.2	99.9	115.3	101.4
West South Central:																
Arkansas	19.1	19.6	23.9	25.1	8.3	27.8	27.2	25.0	18.6	32.7	36.9	25.5	26.9	60.5	64.1	50.5
Louisiana	22.5	15.5	17.8	19.3	7.4	22.3	42.6	41.2	14.4	23.5	32.8	22.9	21.8	45.8	75.4	64.1
Oklahoma	15.3	15.4	17.6	16.4	9.8	17.2	19.6	7.8	22.4	30.5	44.7	23.7	32.2	47.7	64.3	31.5
Texas	14.7	13.6	14.8	17.1	2.9	2.3	2.3	1.0	12.8	23.6	30.5	19.6	15.7	25.9	32.8	20.6
Mountain:																
Montana	21.0	15.0	15.5	18.6	29.1	35.0	28.1	22.8	31.1	34.6	39.8	30.1	60.2	69.6	67.9	52.9
Idaho	24.6	18.4	17.5	18.0	16.7	18.1	10.9	4.6	20.8	28.2	30.1	24.5	37.5	46.3	41.0	29.1
Wyoming	29.0	22.5	14.7	16.7	10.4	14.9	18.1	19.0	20.1	26.3	23.2	24.0	30.5	41.2	41.3	43.0
Colorado	24.5	16.0	18.5	18.7	5.9	11.0	29.3	25.8	20.3	27.5	45.2	40.6	26.2	38.5	74.5	66.4
New Mexico	34.4	22.0	19.2	18.6	3.9	3.7	7.5	6.5	22.3	20.1	26.4	22.3	26.2	23.8	33.9	28.8
Arizona	31.9	22.5	18.2	20.0	7.5	8.2	7.9	7.9	25.4	32.1	26.2	19.6	32.9	40.3	34.1	27.5
Utah	14.7	13.1	12.4	11.1	16.9	14.0	15.6	9.6	16.1	17.2	21.8	21.8	33.0	31.2	37.4	31.4
Nevada	31.2	23.7	14.2	12.0	4.9	10.0	5.2	5.2	21.0	25.0	22.0	20.1	25.9	35.0	27.2	25.3
Pacific:																
Washington	25.3	18.4	18.1	20.0	9.8	12.5	10.4	8.9	18.6	24.0	34.1	28.0	28.4	36.5	44.5	36.9
Oregon	34.9	27.6	25.4	26.4	7.0	9.5	7.8	4.3	13.4	22.3	33.5	26.1	20.4	31.8	41.3	30.4
California	15.1	22.3	21.4	19.2	2.3	10.4	7.0	6.1	22.6	30.2	38.0	33.9	24.9	40.6	45.0	40.0

[1] Including contracts to purchase (but not options).

[2] Including loss of title by default of contract, sales to avoid foreclosure, and surrender of title or other transfers to avoid foreclosure.

TABLE 14.—*Number of farms changing ownership by various methods per 1,000 of all farms, by States and geographic divisions, 12 months ended Mar. 15, 1931–34*—Continued

Geographic division and State	Inheritance and gift				Administrators' and executors' sales [3]				Miscellaneous and unclassified				Total all classes			
	1931	1932	1933	1934	1931	1932	1933	1934	1931	1932	1933	1934	1931	1932	1933	1934
United States	9.4	10.4	13.1	12.6	5.7	6.2	7.0	6.7	1.7	2.2	2.6	2.4	61.9	76.6	93.6	78.6
New England	8.8	10.2	11.9	10.9	5.6	6.9	7.1	5.5	1.3	3.1	2.2	2.0	56.1	60.5	63.5	58.4
Middle Atlantic	8.5	9.0	11.2	11.7	7.0	6.1	7.9	8.4	1.7	1.8	1.5	1.9	55.5	55.3	69.9	68.3
East North Central	9.3	11.0	13.3	13.1	7.5	8.1	7.6	7.7	1.5	2.2	2.3	2.1	60.9	72.4	82.7	71.4
West North Central	9.7	9.8	12.9	11.8	5.4	4.9	6.1	5.7	1.5	2.4	2.3	2.0	66.8	83.8	107.1	85.9
South Atlantic	12.5	13.3	16.7	16.1	6.5	8.1	10.2	9.9	2.6	2.6	3.2	3.0	68.3	83.4	104.9	87.3
East South Central	9.9	11.1	13.7	12.7	5.6	6.2	7.5	6.5	1.8	2.1	3.0	2.7	62.6	87.2	106.6	85.9
West South Central	7.4	8.8	11.8	11.2	3.4	4.9	4.8	4.9	1.7	2.0	2.9	2.4	51.6	71.3	88.3	71.6
Mountain	6.9	7.8	9.5	9.9	3.6	4.5	4.1	4.5	1.1	2.1	2.2	2.1	72.8	75.5	85.4	78.1
Pacific	6.6	7.5	11.2	10.3	3.6	4.3	3.9	3.3	.8	2.0	2.2	2.7	58.1	73.7	82.7	74.3
New England:																
Maine	9.4	11.2	14.8	15.5	3.5	6.8	6.8	5.8	1.4	3.2	1.6	1.3	59.6	65.9	74.7	75.8
New Hampshire	9.6	13.9	14.0	10.9	7.4	11.4	9.6	5.2	2.1	4.3	3.8	3.0	67.7	76.4	78.6	64.4
Vermont	6.7	10.1	10.1	8.6	7.5	9.0	9.6	6.9	1.0	2.4	2.8	2.5	59.0	65.1	67.0	57.8
Massachusetts	8.4	8.0	11.3	7.9	6.8	2.5	6.1	4.1	1.0	3.5	1.8	1.9	47.0	47.3	52.6	45.0
Rhode Island	5.3	4.7	7.6	8.6	3.2	4.7	5.0	6.0	0	2.5	.5	1.0	34.3	40.5	37.5	38.1
Connecticut	10.7	9.0	7.5	8.4	4.6	7.2	3.9	5.4	1.4	2.4	2.4	2.2	51.1	51.6	41.4	38.2
Middle Atlantic:																
New York	9.7	9.0	13.0	12.6	5.5	4.9	6.6	6.8	1.6	1.9	1.9	1.8	61.3	59.8	78.9	76.9
New Jersey	4.6	5.0	8.8	7.0	9.3	5.0	8.3	8.2	1.0	1.0	1.5	1.5	56.4	50.5	67.7	63.5
Pennsylvania	7.9	9.6	9.9	11.5	8.1	7.5	9.0	10.0	1.9	1.9	1.2	2.0	49.8	52.0	61.7	60.8
East North Central:																
Ohio	8.3	13.1	14.8	15.0	8.8	9.2	9.8	10.7	2.0	1.4	1.8	2.1	56.2	64.8	76.5	67.9
Indiana	12.7	13.7	15.0	15.5	8.7	11.5	9.8	10.9	1.2	3.1	2.6	2.2	67.5	87.0	88.6	82.1
Illinois	11.0	12.4	15.7	14.7	9.7	7.4	7.5	6.6	1.0	2.5	2.0	1.8	62.5	72.1	89.5	74.5
Michigan	7.4	9.7	10.8	10.4	4.2	6.8	4.7	5.0	1.5	2.7	2.7	2.1	63.5	77.7	86.7	72.6
Wisconsin	6.8	5.4	9.1	9.3	5.1	5.1	5.5	4.6	1.9	1.6	2.5	2.3	55.5	62.3	71.6	60.4
West North Central:																
Minnesota	11.0	10.0	12.5	10.4	6.3	4.7	5.7	4.8	1.6	3.4	2.3	2.6	74.6	82.3	102.0	75.4
Iowa	8.5	12.1	13.0	12.2	6.4	6.2	6.1	6.4	1.2	2.8	2.7	1.8	58.7	92.7	119.3	90.8
Missouri	10.8	10.4	13.8	11.4	3.6	4.5	6.7	4.9	1.0	2.6	2.7	2.1	56.1	85.8	103.0	80.3
North Dakota	6.6	6.4	9.9	10.9	4.0	3.5	5.3	5.0	2.7	2.0	1.9	1.9	81.2	100.3	120.7	74.8
South Dakota	9.4	7.4	11.2	11.9	3.9	3.4	5.0	4.4	1.6	2.0	1.6	1.7	76.4	89.9	131.0	114.6
Nebraska	9.6	9.4	14.3	11.8	6.9	5.7	5.6	7.4	2.4	1.4	1.5	1.5	63.5	69.0	96.0	86.4
Kansas	10.1	9.0	13.1	13.8	6.2	4.6	6.6	6.5	1.2	1.3	2.1	2.1	63.0	71.8	94.5	91.6

South Atlantic:																
Delaware	12.5	15.2	15.8	17.4	15.5	12.4	12.9	11.7	0	1.4	1.9	2.9	60.7	64.0	70.3	70.4
Maryland	9.6	10.4	12.1	13.8	6.4	8.8	11.7	12.4	3.0	2.3	2.5	3.0	53.9	74.6	73.0	73.2
Virginia	12.0	14.6	16.2	15.6	7.9	10.8	11.7	9.7	3.0	1.6	3.8	3.6	58.5	75.6	89.6	74.7
West Virginia	12.0	15.4	14.7	16.5	4.7	6.2	7.4	5.5	1.5	3.8	1.8	1.6	63.8	86.5	109.3	92.3
North Carolina	18.3	16.0	20.6	17.7	7.0	7.2	11.4	12.2	4.0	3.4	3.4	3.8	88.1	105.8	135.5	107.4
South Carolina	9.7	12.9	16.5	16.3	6.0	9.8	9.1	9.0	2.0	3.3	3.6	3.4	76.4	90.8	103.1	82.0
Georgia	9.4	9.0	15.5	16.6	7.1	6.5	9.8	10.8	2.3	2.3	3.6	2.3	63.0	65.2	93.7	84.7
Florida	8.7	9.6	12.8	9.4	1.1	5.3	6.4	4.6	0	.5	2.1	1.5	36.9	54.9	89.6	68.9
East South Central:																
Kentucky	11.9	10.7	16.8	14.8	6.1	5.1	8.4	6.6	2.0	1.6	2.6	2.3	69.6	76.2	96.8	70.0
Tennessee	8.7	11.8	13.2	13.1	5.4	8.4	7.5	7.5	2.0	2.3	2.9	2.8	47.3	73.6	91.8	76.0
Alabama	9.9	12.0	12.5	12.1	5.9	3.8	6.8	4.7	.9	1.2	3.2	2.5	60.2	75.4	95.1	71.5
Mississippi	8.5	9.5	11.1	9.8	5.0	7.7	6.9	7.1	2.4	3.6	3.3	3.5	76.3	135.9	154.5	140.1
West South Central:																
Arkansas	7.7	7.5	10.8	11.0	4.0	4.1	5.4	5.3	2.9	2.2	3.9	3.2	60.6	93.9	108.1	95.1
Louisiana	15.0	17.2	15.4	12.2	8.0	9.9	6.7	7.3	2.6	3.4	3.3	3.0	69.9	91.8	118.6	105.9
Oklahoma	7.4	7.5	9.5	9.6	3.5	4.8	5.4	5.2	1.7	1.4	3.1	2.0	60.1	76.8	99.9	64.7
Texas	5.2	7.9	12.4	11.9	2.0	3.9	3.8	3.9	.9	1.8	2.3	2.1	38.5	53.1	66.1	55.6
Mountain:																
Montana	8.1	5.6	6.9	8.9	4.7	3.0	5.8	5.3	2.1	1.1	2.6	2.9	96.1	94.3	98.7	88.6
Idaho	6.6	4.4	8.6	10.6	1.6	4.9	3.4	4.0	.7	.4	1.7	1.9	71.0	74.4	72.2	63.6
Wyoming	4.4	10.7	8.8	9.4	4.5	4.7	4.4	4.8	0	3.3	3.4	2.3	68.4	82.4	72.6	76.2
Colorado	7.5	6.6	10.8	10.7	4.9	4.0	4.2	4.7	.4	3.1	2.4	1.8	63.5	68.2	110.4	102.3
New Mexico	4.9	9.3	11.7	8.6	2.2	6.2	2.2	4.0	1.6	3.8	2.6	1.9	69.3	65.1	69.6	61.9
Arizona	9.2	12.1	12.3	10.3	6.8	4.3	4.9	4.0	0	3.8	1.8	2.6	80.8	83.0	71.3	64.4
Utah	6.5	14.0	9.8	10.8	1.7	6.1	4.0	4.5	1.9	1.3	1.3	1.5	57.8	65.7	64.9	59.3
Nevada	6.8	10.8	8.8	8.2	6.8	3.9	3.0	2.9	0	1.5	1.5	1.5	70.7	74.9	54.7	49.9
Pacific:																
Washington	7.9	8.1	10.9	9.1	4.3	3.3	3.4	4.0	1.1	2.5	2.4	3.0	67.0	68.8	79.3	73.0
Oregon	7.1	8.6	11.6	11.5	3.1	4.2	3.9	3.2	.9	1.0	1.8	3.6	66.4	73.2	84.0	75.1
California	5.7	6.7	11.1	11.4	3.5	4.8	4.1	3.0	.6	2.2	2.3	2.1	49.8	76.6	83.9	75.7

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[3] Including all other sales in settlement of estates.

in total land held is a net figure, after deductions have been made for sale of foreclosed property, and for redemption by the original owner, and additions for acquisitions by creditor agencies. It may be mentioned that the book value of real estate owned outright by the Federal land banks increased 17.7 percent from September 30, 1933, to September 30, 1934, as compared with an increase of 54.6 percent during the preceding year (*7*, *9*).

TAX SALES LESS FREQUENT

Tax sales, as well as foreclosure sales, decreased markedly during the year ended March 15, 1934. The average rate of tax sales for the country as a whole, according to the Bureau estimate (table 14), decreased from 15.3 farms per 1,000 to 11.1, a rate below that of 1932, but higher than that of 1931.

Although there was great variation in the rates reported by the different States, the average rate for each geographic division except New England was lower than a year ago. The highest rate, 20.2 farms per 1,000, was reported from the East South Central States, in comparison with 27.1 the previous year. The next highest rate, 18.2 farms per 1,000, was reported for the South Atlantic States and is appreciably lower than the 27.3 reported a year earlier. The lowest rate, 4.2, was reported from the East North Central States, where 5.6 was reported the preceding year.

The declining number of tax sales is doubtless due in part to higher farm incomes during 1933 than during 1932, in part to the measures adopted by various States to reduce and ease the burden of taxes on farm real estate, and in part to the refinancing activities of the Farm Credit Administration. Approximately 2.4 percent of the proceeds of loans closed from June 1 through November 30, 1933, by the Federal land banks to refinance indebtedness was paid to tax authorities, and 4.1 percent of the loans to refinance indebtedness closed from May 12 through November 30, 1933, by the Land Bank Commissioner was used for the same purpose (*6*).[19]

Owing to the fact that laws in many States have been modified to extend the redemption period, to permit installment payment of taxes, or to prohibit the taking of tax title temporarily, the interpretation of data relating to frequency of tax sales is rather uncertain.

VOLUNTARY SALES INCREASE AGAIN

The frequency of voluntary sales of farm real estate for the country as a whole increased from 16.8 to 17.8 farms per 1,000 during the year ended March 15, 1934. This is the second year in succession for which the Nation-wide average of frequency of voluntary sales has increased. The increases were somewhat more general, 6 of the geographic divisions having reported increases as contrasted to 4 last year.

The rate of voluntary sales was higher in 30 States than in the preceding year, and was lower in 18; whereas the preceding year, 21 States reported increased frequency of voluntary sales, 25 reported decreases, and 2 reported no change. Of the increases for the year ended March 1, 1934, 1 each occurred in the New England and

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[19] See footnote 7.

Middle Atlantic groups of States, 2 in the Pacific group, 3 each in the East North Central, East South Central, and West South Central groups, 5 in the Mountain group, and 6 each in the West North Central and South Atlantic groups.

The greatest average frequency of voluntary sales was reported from the Pacific and Middle Atlantic States, with 20.9 and 20.1 transfers per 1,000 farms, respectively, whereas the lowest frequency occurred in the West North Central and East North Central States, with averages of 15.5 and 16.5, respectively.

Not a great deal is known directly concerning the sellers of farms. It is generally recognized, however, that for the last several years owners who were not pressed to sell have usually preferred to hold their farms off the market rather than to sell at depression prices. On the other hand, creditor agencies with increasing holdings resulting from foreclosure have been desirous of selling as many of their farms as possible without making too great sacrifices in the matter of price. With so many farms available from creditor agencies, it seems probable, therefore, that the majority of sales have been made by them. Furthermore, the lack of opportunity in cities has discouraged the normal farm-to-city movement, and nonfarm investment opportunities have not been such as to encourage the selling of farms for the sake of buying other investments.

During the year ended December 31, 1933, the Federal land banks sold 4,765 farms and parts of farms for $14,112,955, as compared with 6,284 farms and parts of farms sold for $14,697,659 in 1932. The average price per farm in 1933 was $2,962 and in 1932 was $2,339. There is no way of knowing whether there was any significant differences in the quality of the farms sold during the respective years, but there was a general tendency among creditors to hold their better farms off the declining market and to "clear the decks" of the poorer quality farms which might never be cleared at a profit. It is possible therefore that the farms sold during 1933 averaged better quality than those sold in 1932.

It is of interest that during the 11 months ended November 30, 1933, the land banks sold 3,624 farms[20] (whole units) in which the investment (including unpaid principal of loans involved and any other cash outlays made by the banks) was $13,951,927.31. The total consideration received from their sale was $11,585,806.22 or 17 percent less than the investment (*6*).

The 5,092 farms (lands owned outright disposed of, whole units) sold in 1932 were carried on the books at an investment of $17,277,756.97, and the consideration received in their sale was $12,468,240.31 or 27.8 percent less than the investment (*8*). From the standpoint of recovering investment in foreclosed lands, the sales of 1933 were far more satisfactory than those of 1932.

The total number of changes of ownership reported is appreciably lower than during the preceding 2 years, principally as a result of the smaller number of distress transfers. There have thus been brought about some significant changes in relative frequency of different types of transfers (table 15).

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[20] These figures refer only to "lands owned outright disposed of (whole units)." Parts of farms were sold in addition, and there were sheriff's certificates, judgments, etc., which were sold or redeemed. There were also some cancellations, some of which may have been of the "lands owned outright disposed of (whole units)."

TABLE 15.—*Changes in farm ownership: Relative frequency in percentage of total transfers, 1927–34*

Geographic division	Voluntary sales and trades									All forced sales								
	1927	1928	1929	1930	1931	1932	1933	1934	Average, 1927–34	1927	1928	1929	1930	1931	1932	1933	1934	Average, 1927–34
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	51. 5	54. 4	52. 2	51. 0	54. 7	41. 0	35. 4	34. 1	46. 8	19. 7	16. 7	18. 7	18. 6	17. 3	25. 6	31. 2	34. 4	22. 8
Middle Atlantic	54. 6	52. 6	49. 8	48. 8	44. 1	36. 9	30. 0	29. 4	43. 3	17. 4	18. 4	21. 2	22. 6	24. 9	32. 5	40. 5	38. 4	27. 0
East North Central	38. 8	37. 5	36. 8	33. 8	30. 5	23. 2	18. 8	23. 1	30. 3	30. 7	32. 4	33. 5	36. 2	39. 4	47. 4	53. 1	44. 8	39. 7
West North Central	33. 7	32. 9	34. 9	33. 7	28. 3	16. 9	12. 9	18. 1	26. 4	44. 3	44. 6	40. 4	40. 4	46. 9	62. 7	67. 2	59. 3	50. 7
South Atlantic	37. 8	31. 8	30. 4	29. 0	21. 2	14. 8	14. 6	20. 2	25. 0	32. 8	37. 0	38. 1	37. 0	47. 2	56. 5	56. 7	46. 6	44. 0
East South Central	42. 7	42. 7	43. 6	42. 3	31. 0	19. 7	17. 7	22. 2	32. 7	31. 6	31. 1	28. 3	28. 5	41. 4	58. 0	59. 6	52. 3	41. 4
West South Central	48. 7	46. 8	48. 6	45. 4	32. 4	21. 6	19. 9	26. 3	36. 2	31. 1	31. 0	28. 9	31. 5	43. 4	56. 4	58. 0	47. 9	41. 0
Mountain	36. 8	40. 8	46. 7	47. 4	34. 1	23. 3	19. 7	22. 4	33. 9	49. 5	46. 1	38. 2	36. 0	50. 0	57. 6	61. 8	56. 5	49. 5
Pacific	52. 8	51. 1	49. 2	52. 3	38. 0	30. 3	25. 8	28. 1	41. 0	29. 3	29. 6	30. 5	26. 4	43. 0	51. 0	53. 3	49. 9	39. 1
United States	41. 3	39. 8	40. 5	38. 6	30. 7	21. 1	17. 9	22. 6	31. 6	34. 0	34. 5	33. 6	33. 8	42. 2	54. 4	57. 8	49. 7	42. 5

Geographic division	Inheritance and gift									Administrators' and executors' sales								
	1927	1928	1929	1930	1931	1932	1933	1934	Average, 1927–34	1927	1928	1929	1930	1931	1932	1933	1934	Average, 1927–34
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct*
New England	15. 8	16. 2	16. 5	17. 1	15. 7	16. 9	18. 7	18. 7	17. 0	11. 9	11. 1	11. 2	10. 1	10. 0	11. 4	11. 2	9. 4	10. 8
Middle Atlantic	13. 0	13. 4	14. 2	14. 1	15. 3	16. 3	16. 0	17. 1	14. 9	12. 8	12. 8	12. 7	12. 1	12. 6	11. 0	11. 3	12. 3	12. 2
East North Central	14. 7	15. 2	15. 6	15. 2	15. 3	15. 2	16. 1	18. 4	15. 7	13. 7	13. 0	11. 8	12. 7	12. 3	11. 2	9. 2	10. 8	11. 8
West North Central	11. 2	11. 5	13. 3	14. 4	14. 5	11. 7	12. 0	13. 7	12. 8	9. 0	8. 9	9. 5	9. 1	8. 1	5. 8	5. 7	6. 6	7. 8
South Atlantic	16. 0	16. 9	17. 3	18. 2	18. 3	15. 9	15. 9	18. 5	17. 1	12. 0	12. 6	12. 4	12. 6	9. 5	9. 7	9. 7	11. 3	11. 2
East South Central	13. 6	14. 3	16. 4	16. 4	15. 8	12. 8	12. 9	14. 8	14. 6	10. 9	10. 2	10. 0	10. 3	8. 9	7. 1	7. 0	7. 6	9. 0
West South Central	12. 2	13. 1	13. 7	14. 3	14. 3	12. 3	13. 4	15. 6	13. 6	6. 9	7. 1	6. 9	6. 2	6. 6	6. 9	5. 4	6. 8	6. 6
Mountain	6. 4	6. 6	7. 9	8. 6	9. 5	10. 3	11. 1	12. 7	9. 1	4. 8	4. 3	5. 4	5. 7	4. 9	6. 0	4. 8	5. 7	5. 2
Pacific	10. 1	10. 6	11. 3	12. 7	11. 4	10. 2	13. 5	13. 9	11. 7	5. 8	6. 6	6. 4	6. 2	6. 2	5. 8	4. 7	4. 5	5. 8
United States	12. 9	13. 5	14. 7	15. 1	15. 2	13. 5	14. 0	16. 0	14. 4	10. 2	10. 2	9. 3	9. 9	9. 2	8. 1	7. 5	8. 5	9. 1

Geographic division	Miscellaneous and unclassified								
	1927	1928	1929	1930	1931	1932	1933	1934	Average, 1927–34
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	1. 1	1. 6	1. 4	3. 2	2. 3	5. 1	3. 5	3. 4	2. 7
Middle Atlantic	2. 2	2. 8	2. 1	2. 4	3. 1	3. 3	2. 2	2. 8	2. 6
East North Central	2. 1	1. 9	2. 3	2. 1	2. 5	3. 0	2. 8	2. 9	2. 4
West North Central	1. 8	2. 1	1. 9	2. 4	2. 2	2. 9	2. 2	2. 3	2. 2
South Atlantic	1. 4	1. 7	1. 8	3. 2	3. 8	3. 1	3. 1	3. 4	2. 7
East South Central	1. 2	1. 7	1. 7	2. 5	2. 9	2. 4	2. 8	3. 1	2. 3
West South Central	1. 1	2. 0	1. 9	2. 6	3. 3	2. 8	3. 3	3. 4	2. 6
Mountain	2. 5	2. 2	1. 8	2. 3	1. 5	2. 8	2. 6	2. 7	2. 3
Pacific	2. 0	2. 1	2. 6	2. 4	1. 4	2. 7	2. 7	3. 6	2. 4
United States	1. 6	2. 0	1. 9	2. 6	2. 7	2. 9	2. 8	3. 1	2. 4

The proportion of total transfers negotiated voluntarily increased for the country as a whole from about 18 percent to nearly 23 percent. The smallest proportion of voluntary sales, 18.1 percent, occurred in the West North Central States, and the largest proportion in New England, where 34.1 percent of all sales were voluntary.

The proportion of forced sales dropped from nearly 60 percent to approximately 50 percent of all sales. In New England approximately one-third of the sales were forced, whereas in the West North Central, East South Central, and Mountain States, despite the improvement from a year ago, more than half the transfers resulted from some type of delinquency.

INCREASED SHARE OF VOLUNTARY SALES TO ACTIVE FARMERS AND LOCAL RESIDENTS

In what appears to be in direct contrast to the trend of the last several years the proportion of farms bought by farmers and by local residents increased during the year under review. Seventy-eight percent of the buyers at bona fide sales reported by dealer correspondents lived in the same county or the county adjoining that in which the farm was located. Until the year 1933–34, the proportion of local buyers had been declining persistently since 1929, when the proportion was 84 percent, having reached the low point of 76 percent for the year ended March 15, 1933 (table 16).

Table 16.—*Voluntary sales and trades of farm real estate: Percentage of purchases reported in specified classes of residence, occupation, and purpose of purchase, for the United States and for geographic divisions, 12 months ended Mar. 15, 1928–34*

Geographic division	Local residence							Purchase for operation						
	1928	1929	1930	1931	1932	1933	1934	1928	1929	1930	1931	1932	1933	1934
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	61	57	59	48	51	50	56	82	85	80	79	85	85	74
Middle Atlantic	75	77	70	70	69	68	69	83	85	82	85	82	83	79
East North Central	85	86	83	84	78	78	78	83	82	80	82	77	75	73
West North Central	88	88	89	88	85	81	82	85	84	82	81	76	74	72
South Atlantic	80	82	82	82	79	76	81	81	81	78	80	78	75	75
East South Central	87	87	90	85	87	86	88	85	82	79	79	81	80	78
West South Central	81	80	82	77	73	76	78	76	76	73	70	68	68	67
Mountain	81	86	81	77	76	77	84	91	91	87	88	87	88	84
Pacific	75	72	71	72	66	70	71	87	91	84	90	88	88	89
United States	84	84	82	81	77	76	78	84	83	81	81	79	77	75

Geographic division	Occupation of purchaser													
	Active farmer							Retired farmer						
	1928	1929	1930	1931	1932	1933	1934	1928	1929	1930	1931	1932	1933	1934
	Pct.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
New England	64	62	59	42	37	40	42	3	2	3	6	7	7	4
Middle Atlantic	62	67	56	50	45	42	47	5	4	4	7	5	5	5
East North Central	74	73	67	60	55	48	55	5	6	5	7	7	7	6
West North Central	83	82	81	75	67	58	65	6	5	5	8	8	9	6
South Atlantic	75	74	66	62	55	54	59	2	3	3	5	4	4	4
East South Central	78	78	74	69	65	66	69	3	2	2	3	4	3	3
West South Central	74	75	70	64	53	49	54	6	3	4	6	5	6	7
Mountain	91	91	83	76	67	68	70	1	1	2	4	5	2	4
Pacific	76	82	71	65	51	52	54	4	2	4	4	6	6	7
United States	77	78	72	65	57	53	58	5	4	4	6	6	6	6

Geographic division	Occupation of purchaser—Continued						
	Other occupation						
	1928	1929	1930	1931	1932	1933	1934
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
New England	33	36	38	52	56	53	54
Middle Atlantic	33	29	41	43	50	53	48
East North Central	21	21	27	33	38	45	39
West North Central	11	13	14	17	25	33	29
South Atlantic	23	23	30	33	41	42	37
East South Central	19	20	23	28	31	31	28
West South Central	20	22	26	30	42	45	39
Mountain	8	8	15	20	28	30	26
Pacific	20	16	26	31	43	42	39
United States	18	18	24	29	37	41	36

Of particular interest is the fact that the increase was very general, each geographic division except the East North Central States having reported a greater proportion of local buyers than in the year before. In the New England States the smallest proportion, 56 percent, of local buyers is reported, which is an increase from 50 percent a year ago. In all other divisions two-thirds or more of the buyers were local, indicating the preponderant importance of the local buyer.

The typical farm buyer, under normal conditions, has been closely associated with farming for a considerable part of his life. Thus he may be an active farmer expanding operations or seeking an investment for surplus funds, or he may be a young farmer with aspirations to ownership. Under the depressed conditions of recent years, the proportion of purchases at voluntary sales by active farmers declined from 78 percent in 1929 to 53 percent in 1933, but during the year under review the proportion increased to 58 percent, suggesting a turn in the effective demand for farms on the part of farmers themselves; and it is to men of this type that the continued and sustained market for farm land must look for support.

Of perhaps greater significance than the amount of the increase is the fact that every geographic division reported an increase. In the West North Central States, 65 percent of the buyers at voluntary sales were active farmers, as compared with 58 percent a year ago, and in the East South Central, 69 percent, as compared with 66 percent the preceding year, were bought by active farmers.

Similarly, the proportion of farms bought by persons of occupations other than farming declined everywhere except in New England, where a decline in purchases by retired farmers also occurred.

The principal purpose in purchasing farms continues to be to operate, rather than as a speculation or to rent to others, although the proportion buying for operation declined from 77 to 75 percent during the year.

Although the changes referred to during the year under review are chiefly the result of the upturn in prices and income and of the improved facilities for financing, it seems probable that they are also associated in part with the reversal in the direction of the net movement from farms to cities. During 1930, 1931, and 1932, the net movement was from city to farm, whereas during 1933 it was from farm to city.

FARMER BANKRUPTCIES DECLINE AFTER 2 YEARS' INCREASE

During the fiscal year ended June 30, 1934, 4,716 cases of voluntary farmer bankruptcies were concluded in the courts. This represents a decline of 20 percent as compared with the 5,917 cases in 1932–33 and is in sharp contrast to the increases registered in both 1931–32 and 1932–33. The number of bankruptcies in 1933–34 was still 17 percent in excess of the number in 1930–31, when the number reached the lowest point since 1921–22, following a steady decline from the peak of 1924–25 (table 17).

TABLE 17.—*Farm bankruptcies: Cases concluded in fiscal years ended June 30, 1927–34*

Geographic division and State	Number								Percentage of all bankruptcy cases							
	1927	1928	1929	1930	1931	1932	1933	1934	1927	1928	1929	1930	1931	1932	1933	1934
United States	6, 296	5, 679	4, 939	4, 464	4, 023	4, 849	5, 917	4, 716	13. 1	10. 6	8. 7	7. 4	6. 7	7. 7	8. 9	8. 0
New England	105	162	145	141	104	186	164	171	3. 1	3. 5	3. 2	2. 8	2. 3	3. 8	3. 4	4. 1
Middle Atlantic	224	274	270	305	353	372	514	420	3. 1	3. 5	3. 2	3. 6	3. 6	3. 8	3. 7	3. 5
East North Central	719	874	980	973	1, 025	1, 580	2, 020	1, 384	9. 2	9. 3	8. 8	8. 0	8. 1	10. 7	13. 3	9. 0
West North Central	2, 404	1, 729	1, 471	1, 257	1, 010	1, 099	1, 277	983	30. 3	24. 2	21. 2	19. 2	17. 9	20. 5	23. 8	22. 0
South Atlantic [1]	585	685	515	491	455	467	601	699	10. 0	9. 9	7. 0	5. 9	5. 8	5. 7	7. 4	9. 7
East South Central	615	521	352	336	338	311	494	399	9. 7	6. 9	4. 5	3. 8	3. 6	3. 2	6. 0	5. 9
West South Central	567	561	484	375	282	308	371	329	20. 7	19. 5	17. 3	14. 7	10. 5	10. 2	9. 7	13. 3
Mountain	609	420	335	260	201	215	167	131	31. 8	24. 0	20. 9	17. 1	13. 3	15. 2	13. 1	13. 0
Pacific	468	453	387	326	255	311	309	200	10. 0	8. 5	6. 1	4. 6	4. 4	5. 0	5. 1	3. 8
New England:																
Maine	51	77	69	65	62	80	67	85	6. 3	9. 2	8. 3	7. 9	7. 1	10. 1	9. 9	15. 7
New Hampshire	7	7	6	5	1	9	13	10	6. 7	6. 4	4. 4	4. 3	1. 2	6. 9	12. 9	7. 1
Vermont	21	29	28	33	21	52	27	28	16. 8	14. 9	13. 3	14. 6	10. 0	17. 6	12. 3	23. 3
Massachusetts	10	18	26	22	15	32	21	20	. 6	. 7	1. 0	. 8	. 6	1. 2	. 9	1. 1
Rhode Island	2	0	2	0	1	1	4	3	1. 0	0	1. 1	0	. 5	. 4	1. 6	1. 6
Connecticut	14	31	14	16	4	12	32	25	2. 6	3. 7	2. 1	2. 2	. 7	1. 6	2. 5	1. 8
Middle Atlantic:																
New York	145	152	149	172	198	193	219	185	3. 0	2. 7	2. 7	3. 2	3. 1	3. 1	2. 8	2. 3
New Jersey	16	12	18	12	18	21	20	27	1. 9	2. 1	1. 7	1. 2	1. 4	1. 8	1. 1	1. 7
Pennsylvania	63	110	103	121	137	158	275	208	4. 0	6. 3	5. 5	5. 8	6. 4	6. 8	6. 6	8. 4
East North Central:																
Ohio	137	157	220	270	277	460	644	443	5. 7	5. 6	6. 4	5. 7	5. 6	8. 0	11. 6	7. 9
Indiana	76	114	110	144	148	208	222	160	18. 4	20. 9	15. 9	17. 9	15. 5	19. 3	23. 3	19. 3
Illinois	257	374	410	364	368	614	815	527	8. 7	11. 9	10. 9	11. 5	11. 3	15. 2	16. 6	11. 1
Michigan	34	41	36	39	31	47	68	43	4. 2	3. 4	2. 3	2. 8	1. 8	2. 1	2. 9	1. 6
Wisconsin	215	188	204	156	201	251	271	211	16. 9	11. 3	12. 0	7. 9	11. 6	15. 2	18. 4	14. 0
West North Central:																
Minnesota	294	266	193	185	116	114	98	117	16. 0	12. 6	9. 6	10. 3	7. 4	9. 9	10. 2	10. 9
Iowa	656	534	420	328	338	456	561	395	41. 2	41. 2	37. 9	33. 6	37. 2	45. 0	46. 3	44. 4
Missouri	314	288	211	214	181	228	276	221	19. 5	16. 5	11. 9	11. 2	11. 5	13. 7	15. 1	14. 4
North Dakota	376	153	287	168	106	55	39	39	66. 3	59. 3	63. 5	56. 4	51. 7	35. 0	38. 2	44. 3
South Dakota	352	239	106	114	92	53	74	53	56. 2	50. 0	42. 4	43. 5	38. 3	45. 3	41. 8	45. 7
Nebraska	181	135	157	148	107	97	109	84	26. 3	23. 4	23. 0	21. 7	19. 3	18. 9	22. 0	19. 1
Kansas	231	114	97	100	70	96	120	74	22. 8	16. 5	14. 6	15. 9	11. 5	12. 8	20. 6	22. 2
South Atlantic:																
Delaware	4	10	8	7	15	19	42	18	13. 3	28. 6	25. 0	19. 4	25. 4	26. 4	38. 9	31. 0
Maryland	35	49	48	49	42	31	140	91	13. 1	15. 5	12. 8	13. 0	12. 4	8. 1	24. 5	16. 9
Virginia	97	109	98	110	103	117	138	154	5. 3	5. 5	4. 5	4. 1	4. 0	4. 6	5. 6	6. 2
West Virginia	16	25	41	30	29	34	28	39	2. 4	3. 1	4. 2	2. 9	3. 3	3. 4	3. 5	5. 2
North Carolina	50	38	25	39	56	47	84	162	12. 9	10. 1	7. 9	7. 4	9. 6	7. 6	11. 2	25. 0
South Carolina	47	46	34	25	22	26	31	29	16. 8	15. 9	14. 2	10. 9	13. 2	13. 5	10. 5	18. 6
Georgia	327	394	248	218	177	165	124	195	16. 6	16. 6	10. 7	8. 5	7. 1	6. 1	5. 2	9. 4
Florida	9	13	13	13	11	28	14	10	3. 0	2. 2	2. 1	1. 9	1. 8	4. 9	2. 5	3. 1
East South Central:																
Kentucky	164	191	131	122	98	103	167	154	13. 6	10. 9	7. 0	6. 4	6. 4	6. 2	11. 2	10. 6
Tennessee	101	102	118	83	101	89	115	99	4. 7	4. 3	4. 0	2. 7	3. 1	2. 7	4. 3	3. 4
Alabama	318	211	85	117	126	94	167	100	12. 2	8. 0	3. 2	3. 6	3. 0	2. 3	4. 9	4. 9
Mississippi	32	17	18	14	13	25	45	46	7. 6	2. 1	4. 9	2. 6	2. 5	3. 9	8. 0	13. 0
West South Central:																
Arkansas	94	89	83	94	37	53	70	50	22. 6	23. 5	17. 7	20. 4	11. 5	12. 7	12. 3	13. 4
Louisiana	119	93	85	85	74	52	54	74	25. 3	19. 3	16. 0	15. 6	10. 6	10. 0	8. 5	12. 8
Oklahoma	145	108	65	55	34	64	48	41	18. 5	13. 2	8. 8	7. 4	4. 6	6. 4	5. 0	7. 1
Texas	209	271	251	141	137	139	199	164	19. 5	22. 8	23. 9	17. 6	14. 7	12. 6	12. 1	17. 4
Mountain:																
Montana	245	126	131	104	66	59	40	20	45. 7	36. 4	34. 6	31. 0	21. 3	21. 1	19. 3	16. 8
Idaho	161	101	78	39	41	45	34	34	47. 8	35. 6	30. 0	24. 2	22. 0	25. 6	25. 0	38. 2
Wyoming	31	44	17	12	3	18	5	9	27. 2	29. 7	25. 0	21. 1	5. 2	15. 3	5. 1	13. 6
Colorado	90	63	50	49	53	58	43	29	22. 5	16. 3	11. 7	11. 3	11. 6	13. 7	11. 2	7. 3
New Mexico	22	27	26	6	7	4	4	8	32. 8	27. 6	31. 0	8. 2	12. 7	7. 1	8. 5	14. 3
Arizona	30	23	7	6	7	9	6	9	26. 3	26. 7	11. 1	10. 3	9. 9	12. 0	7. 2	19. 6
Utah	26	34	25	36	22	21	35	21	8. 0	8. 9	8. 4	10. 6	6. 9	8. 1	12. 0	9. 9
Nevada	4	2	1	8	2	1	0	1	18. 2	11. 1	4. 2	12. 1	3. 8	3. 0	0	4. 2
Pacific:																
Washington	160	144	107	90	100	92	88	37	14. 6	12. 6	7. 4	5. 1	6. 7	7. 5	9. 3	4. 7
Oregon	72	67	83	50	42	63	44	40	6. 9	5. 5	6. 5	2. 9	3. 8	5. 1	4. 9	4. 7
California	236	242	197	186	113	156	177	123	8. 9	8. 2	5. 4	5. 1	3. 4	4. 2	4. 2	3. 4

[1] Includes the District of Columbia. For the whole period only 1 farm bankruptcy in the District of Columbia has been reported, that 1 being for the year ended June 30, 1928.

Division of Agricultural Finance, compiled from annual reports of the Attorney General.

The downward tendency was general, which again is in contrast to the general upward movement the previous 2 years. In all but 2 of the geographic divisions, the New England and the South Atlantic, fewer cases than a year ago were reported. Decreases were reported in 32 States, increases in 14, and 2 States, North Dakota and Idaho, reported the same number as in the previous year.

The number of bankruptcies for the year ended June 30, 1934, was equivalent to 1 bankruptcy for every 1,333 farmers, as compared with an average of 1 bankruptcy for every 1,063 farmers in 1932–33 and 1 for every 809 farmers in 1924–25. This reduction in bankruptcies for the fiscal year ended June 30, 1934, probably reflects to a considerable extent the rise in prices and incomes for the 1933 crop year, just as the increases in bankruptcies in 1931–32 and 1932–33 reflected the declines in income from farm production in 1931 and 1932. There appears to be less lag in bankruptcies in the present period than was the case in the early twenties, when the effect of the reduced incomes was not apparent in bankruptcy cases among farmers until the middle of the decade, after incomes had recovered.

For the fourth consecutive year the largest number of farmer bankruptcies occurred in the East North Central States, where 1,384 cases as compared with 2,020 in the previous year were reported. Illinois reported 527 cases, again having a greater number than any other State, Ohio and Iowa again ranking second and third, as in the previous year, with 443 and 395 cases, respectively.

In addition to the 4,716 farmer bankruptcies referred to above, 16 cases under section 12 of the Bankruptcy Act as amended March 3, 1933, 45 cases under section 74, and 349 cases under section 75 were concluded during the fiscal year ended June 30, 1934. In these cases farmers made use of the services provided through debt-conciliation commissioners in the various counties. Even should such cases be added to those settled under regular bankruptcy proceedings, the total is still 13 percent less than in 1932–33.

Farmer bankruptcies constituted 8.0 percent of all bankruptcies, which compares with 8.9 the previous year, 7.7 in 1931–32, and 6.7 in 1930–31, which was the lowest of a decreasing series beginning with 1923–24, when 18.7 percent of all bankrupts were farmers. In the West North Central States, 22 percent of all bankrupts were farmers, South Dakota and Iowa leading with 45.7 and 44.4 percent, respectively. The proportion of bankrupts who were farmers increased in 25 States, decreased in 21 States, and remained constant in 2. The decreases were sufficient to reduce the average for the United States.

The decline in bankruptcies among farmers was 20 percent, which was a greater relative decline than in the case of any of the other occupational groups except merchants' cases, in which the decline from the number in 1932–33 was 36 percent.[21]

FARM MORTGAGE CREDIT CONDITIONS[22]

The year 1934 was characterized by extensive refunding of agricultural loans by the Federal Farm Credit Administration and by a notable decline in the volume of farm credit held by commercial lenders. The definite increase in agricultural income over the farm income of the years 1932 and 1933 had the effect of increasing the debt-carrying capacity of farmers, with the exception of those in the drought areas, where the reduction of farm income to extremely low levels was accompanied by severe debt distress.

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[21] The occupational groupings in which the data have been classified, and the number of cases concluded for each group for the year ended June 30, 1934, are as follows: Farmers, 4,716; employers and professionals, 28,794; merchants, 11,367; manufacturers, 1,765; other classes, 12,191; total, 58,833.

[22] Prepared by the Division of Agricultural Finance.

Outstanding farm mortgage loans of the Federal land banks increased from about $1,102,000,000 in June 1933 to $1,829,000,000 at the end of October 1934, while Land Bank Commissioner loans rose to $552,000,000, thus increasing the total farm mortgage holdings of the Farm Credit Administration from about $1,104,000,000 to $2,381,000,000 during 16 months.

The Farm Credit Administration reported that 86.5 percent of its mortgage loans made from June 1, 1933, to October 10, 1934, or a total of more than $1,054,000,000, was used by borrowers to repay old creditors and thus refinance credits previously outstanding. Approximately $36,000,000, or 3 percent, was used for taxes.[23] This would indicate that the remaining 10.5 percent, or $128,000,000, represented new credits on farm real estate security. The total of $1,054,000,000 of refinancing was distributed as follows: Banks, 30.4 percent; life insurance companies, 14.2 percent; joint stock land banks, 8.2 percent; mortgage companies, private lenders, and other, 47.2 percent.

In contrast with the market increase in the loans of Federally sponsored agencies the amount of farm mortgages held by commercial agencies declined. Farm mortgage holdings of member banks declined from $308,000,000 on June 30, 1933, to $266,000,000 at the end of October 1934. During approximately the period July 1, 1933, to October 1, 1934, the holdings of joint stock land banks (including outstanding loans of joint stock land banks in receivership) declined $137,000,000 from $422,000,000 to $285,000,000, and the holdings of life insurance companies, as indicated by concerns having 82 percent of all legal reserve assets, declined $390,000,000. Of this total reduction in the farm holdings of these two groups of commercial mortgage agencies, the refinancing reported by the Farm Credit Administration for the period cared for $236,000,000 or 49 percent.

Taken as a whole, the year's experience indicated that private capital was directed away from agriculture rather than toward it and that the reduction in investments in farm loans and other credits for private enterprise was mainly offset in investments in Government bonds.

Weekly investments of 25 life insurance companies continued at a low level through 1934, averaging less than in 1933 for the first 9 months of the year but more for the concluding 3 months of the year. The proportion of all investments placed in farm mortgages averaged 1.6 percent of all investments for the first 6 months of 1934, as compared with 6.6 percent for the first 6 months of 1933, and 3.5 percent for the entire year of 1933. The proportion of life insurance investments in the field of agricultural credit increased somewhat at the close of the year, rising to an average of approximately 2 percent for the last 3 months of 1934.

Table 18 shows the trend of the current investments of representative life insurance companies since 1928.

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[23] Farm Credit Administration press release, Oct. 20, 1934.

TABLE 18.—*Distribution of investments of life insurance companies, 6-month periods, 1928–34* [1]

Period	Total investments		Loans on farm property	Loans on dwellings and business property	Railroad securities [2]	Public Utilities [2]	Government securities	Miscellaneous securities [2]
	1,000 dol.	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*	*Pct.*
1928: July–December	698, 719	100	11. 1	49. 1	10. 6	13. 6	10. 1	5. 5
1929:								
January–June	1, 178, 534	100	8. 1	36. 3	8. 0	6. 6	11. 1	29. 9
July–December	767, 517	100	9. 5	54. 0	9. 0	8. 6	11. 6	7. 3
1930:								
January–June	780, 022	100	10. 9	41. 5	10. 2	15. 9	12. 2	9. 3
July–December	680, 073	100	9. 1	48. 5	9. 5	15. 0	9. 9	8. 0
1931:								
January–June	770, 588	100	8. 9	36. 1	10. 7	23. 5	15. 4	5. 4
July–December	607, 602	100	6. 0	37. 2	9. 8	16. 4	26. 0	4. 6
1932:								
January–June	282, 434	100	10. 8	41. 1	1. 0	9. 1	36. 5	1. 5
July–December	234, 153	100	9. 3	31. 3	1. 1	9. 9	44. 0	4. 4
1933:								
January–June	227, 959	100	6. 6	6. 9	2. 1	5. 9	76. 2	2. 3
July–December	571, 550	100	2. 2	2. 5	4. 1	6. 7	82. 1	2. 4
1934:								
January–June	702, 890	100	1. 6	2. 1	6. 7	6. 6	77. 1	5. 9
July–December	1, 150, 729	100	1. 5	3. 0	5. 4	7. 5	76. 4	6. 2

[1] Investments of 25 life insurance companies having 76 percent of the total assets of all legal reserve companies in the United States. Compiled and computed from New York Evening Post, 1928–32, and Wall Street Journal, 1933–34.

[2] Stocks and bonds.

Prepared by the Division of Agricultural Finance.

Rates on money in central markets continued at extraordinarily low levels throughout the year. The discount rate of the Federal Reserve Bank of New York declined from 2 percent in January 1934 to 1½ percent on December 1, 1934, as compared with 2½ percent in January 1932. Rates on 4 to 6 months' prime commercial paper declined from 1.38 percent in January 1934 to 0.88 percent in June 1934, remaining at that level throughout the remainder of the year. Federal intermediate credit bank rates on discounts and loans declined from 3 percent in January 1934 to 2 percent in June, remaining at that level throughout the remainder of the year. The average yield on 60 high-grade bonds declined from 5.25 percent in January 1934 to 4.51 percent in October. Effective rates to borrowers on loans made through farm loan associations of the 12 Federal land banks remained at 4½ percent throughout the year in accordance with the 5-year provision of the Emergency Farm Mortgage Act of 1933.

As a result of improved conditions occasioned by enlarged farm income and extensive refunding of loans, delinquencies on farm mortgages were reduced during the year. Reports as of January 1, 1933, indicated that 45 percent of the number of all mortgaged farms and 52 percent of the amount of all mortgage debt were delinquent on account of nonpayment of either principal or interest due. It is believed that the frequency and proportion of delinquency stood at a lower figure at the close of 1934.

The most notable legislation of the year affecting farm credit was the Frazier-Lemke Act of June 1934, which provided that distressed borrowers who failed to compose their credit difficulties with creditors might be freed of debt by paying the amount represented by the value of the land as determined by a special appraisal ordered by a Federal bankruptcy court. Should any creditor object to this procedure, the debtor is given the option of paying a reasonable rental for a period of 5 years, whereupon he may then obtain clear title to the property by paying the amount represented by the value of the land as originally appraised, or, if the creditor so elects, the amount represented by a new appraisal made at any time during the 5-year period.

FARM REAL ESTATE TAXES [24]

Average farm real estate taxes per acre decreased between 10 and 15 percent from 1932 to 1933. This makes a total decrease of about 30 percent from the 1929 peak. The preliminary 1933 index for the country as a whole stands at 160 percent of the 1913 base. This compares with an index of 241 percent in 1929 and 189 percent in 1932. The decreases have varied widely between States, but there have been very few increases and those only slight.

Farm real estate taxes per $100 of real estate value also decreased from 1932 to 1933, the first decrease in this series since 1917 to 1918. The decrease results from the slight rise in real estate values while taxes per acre were still declining. Every year between 1918 and 1932 average real estate taxes had risen more or fallen less than the average of farm values against which they were levied. The number of States for which farm real estate tax per $100 showed a decline or no change after 1929 was as follows: 8 in 1930, 5 in 1931, 11 in 1932. Thirty-three of the 35 States for which data are available in 1933 showed declines from the preceding year and the other 2 remained unchanged.

These decreases in tax per $100 of value do not all indicate a corresponding decrease in the farmers' tax load. They are accounted for principally by (1) increased efficiency of government, (2) decrease in government services, and (3) substitution of tax sources other than real estate. The first of the three is a clear gain and has possibilities of extension. The second often is a wise emergency "saving" but is difficult to carry far or to continue for many years. The third is in general of real benefit to real estate owners, particularly to farmers and small-home owners. On the other hand, the benefits to farmers from the substitution of other forms of taxes for a part of the property tax are not necessarily proportional to the decrease in real estate taxes.

The effect of the current real estate tax reductions upon farmers, and even the effect upon farm real estate values, therefore, will depend on the other concurrent changes in the fiscal systems of local and State governments.

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[24] Prepared by the Division of Agricultural Finance.

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